

The NATIONAL UNDERWRITER

Everyday Prospects



★ This is Bill Smith, skilled mechanic, who admires a fine piece of machinery. He works about 45 weeks of the year and averages \$45.00 per week. He's in need of Automobile insurance but few insurance men think of calling on him.



★ Here's a man who does an honest day's work as a carpenter. He pays his bills but he does not have Automobile insurance—thinks it costs too much. Someone should tell him he could own dependable stock company insurance for a few cents a day.



★ A bank clerk named Johnson owns this 1937 automobile. He spends \$100.00 a year for gas, oil and small repairs. He's a good prospect for Automobile insurance. If someone told him about the \$1,000 limit policy, he'd probably end up by buying the 5/10 limit policy.



★ This manager of a retail store earns enough to purchase his own home and he'd buy Automobile insurance if some agent demonstrated how much he might lose if an automobile accident hit his pocketbook.



★ This is a business girl. She has a job to protect. She is a good driver. If she knew about the lower classification rates, plus the Safe Driver Reward, she'd buy Automobile insurance. She'd be better off with the \$1,000 limit policy, rather than going without any insurance.

The Number of people who buy

Automobile insurance can be expanded in 1940 if you go after the lower-income group of prospects. The combination of lower rates under the classification rating plan, the Safe Driver Reward Plan and the \$1,000 limit policy make

ideal selling ammunition for the producer who is determined to increase his Automobile production this year.

The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, Hartford, Connecticut.

You Can't Fool Me ON INSURANCE



New Ways to Sell Insurance

Employers' Group national advertising—to 1,500,000 home owners a month—develops prospects for agents. And our monthly magazine "The Employers' Pioneer" shows how to convert those prospects into assureds. Write to our Publicity Dept. for a free copy of the latest issue.



It's the Woman Who Buys and Buys and Buys

Perhaps you agents and brokers honestly believe that women never think about insurance. Yet we buy practically everything for the home—try to get along on a budget and at the same time have a home that our husbands can brag about. *Imagine how we feel* when we find that our hard work isn't properly insured and our husbands offer such silly excuses as "Too busy" or "Never heard of such a policy" or "Can't be bothered with insurance salesmen."



An Employers' Group advertisement solved my problem. It told me to go to an Employers' Group agent and find out everything about insurance. It suggested that I let the agent make an analysis of all my needs and a complete protection plan to cover them.

A Good Profitable Idea

Now, I buy the insurance for our home. *And from an Employers' agent.* I've bought his "protection plan" from start to finish and it's a great feeling to know that my home is safe at last.



The EMPLOYERS' GROUP

110 MILK STREET, BOSTON, MASSACHUSETTS



PERSONAL LIABILITY INSURANCE for all the family includes:-

Residence, Golf, Sports and Personal Acts Liability, also liability for the acts of minor children for which parents may be held legally liable.

Are You Selling It?



America Fore Insurance

THE CONTINENTAL INSURANCE COMPANY
FIDELITY-PHENIX FIRE INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane.

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL



and Indemnity Group

NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE
THE FIDELITY AND CASUALTY COMPANY

BERNARD M. CULVER, President
FRANK A. CHRISTENSEN, Vice-President

New York, N.Y.

Fire
Aircraft and Motor Vehicle Property Damage
Automobile (Fire, Theft, Collision, Property Damage Comprehensive)
Aircraft All Risks
Bailee Forms (Customers' Goods)
Bridge Insurance: All Risks
Camera Projection Machine and Equipment
Contractors' Equipment
Deferred Payment Merchandise
Earthquake
Engagement Ring
Explosion
Extended Coverage Endorsement
Extra Expense
Errors and Omissions
Fine Arts: All Risks
Floater & Reporting Forms (Wholesale Insurance)
Furrier's Customers Insurance
Horse & Wagon Floater
Installation Floater
Jewelry & Fur: All Risks
Leasehold
Mail Package (Parcel Post)
Motor Truck Cargo
Musical Instruments: All Risks



THE MODERN AGENT

Each day it becomes increasingly necessary for the modern agent to be prepared to care for the insurance needs of his community. Likewise, the modern insurance organization must be equipped to meet every requirement of agent and public.

The "Commonwealth" for that reason maintains specialized departments, the heads of which keep in close touch with business conditions and underwriting developments affecting Fire and all kindred lines so as to be in a position always to give worthwhile advice and assistance.

Agents are always welcome to consult these specialists regarding their problems with full assurance of friendly, helpful co-operation.



**The
Commonwealth Insurance Company
of New York**

Ocean and Inland Marine
Personal Effects (Tourist Floater)
Personal Property Floater
Physicians, Surgeons and Dentists' Instruments and Apparatus: All Risks
Processing Risks
Profits & Commissions
Radium: All Risks
Ran
Registered Mail
Rent & Rental Value
Riot & Civil Commotion
Silversware
Smoke and Smudge
Sports & Golfers' Equipment
Sprinkler Leakage
Sprinkler Leakage Assumed Liability
Sprinkler Leakage Legal Liability
Stamp Collections
Trip Transit & Transportation Floater
Unearned Premiums
Unusual Covers
Use & Occupancy (Business Interruption)
Water Damage
Wedding Presents
Windstorm & Tornado

The NATIONAL UNDERWRITER

Forty-fourth Year—No. 1

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JAN. 4, 1940

\$4.00 Year, 20 Cents a Copy

Mutuals Decide on Basis for Bidding on HOLC Risks

Will Use Existing Dwelling Rates in Each Individual State

It is understood on very good authority that any bid that is submitted by the mutual fire companies for insuring the risks of the Home Owners Loan Corporation will be on the basis of the existing dwelling house rates in each individual state and will be on the basis of the approved forms and endorsements in the several states. The existing rates that are promulgated by the state rating bureaus will be employed whether there is state regulation in a particular jurisdiction or not.

The mutual companies, it is understood, will submit their bids for the insuring of properties to which the HOLC has title. The mutuals will strongly recommend that no matter how the premium is paid, that is whether it is paid by the individual borrower or by the HOLC, that the borrower be permitted to select his carrier and agent and that this business be removed from the underwriting syndicates, both stock and mutual.

Contracts Expire May 1

The present HOLC contracts with the Stock Company Association and the Mutual Insurance Association expire May 1. No formal request for bids for new insurance contracts have been issued and there is no uniform method of bidding provided, but it is understood that the HOLC desires to have bids submitted just as soon as possible.

The HOLC desires to have its entire holdings treated as a unit and a preferred risk, with a preferred national rate promulgated.

The companies fail to see how they could respond to that desire, because they would be giving a lower rate to a home owner who was indebted to the HOLC, than to a home owner who was indebted to any other mortgagee or who owned his home outright.

The companies feel that the counter-signature and resident agency requirements could more easily be compiled with if the bids were on a state basis than if a national setup were offered.

The companies realize that the HOLC offers a threat to set up a federal insurance scheme if they cannot get from the insurance companies a proposition that is acceptable to them.

The HOLC is taking command of the placing of insurance where the borrower is granted an extension of his loan to a period of 25 years from the date of the original loan. The HOLC will secure the policy on such risks and will designate to the carrying company the agent of record as named in the application for extension of the loan.

Eye War Exclusion in Explosion Policy

Old Wording Unchanged, Less Restrictive Than Riot, Extended Cover

NEW YORK—There is some speculation among fire insurance underwriters as to why the Explosion Conference has never made any change in the war risk exclusion clause of the simple explosion policy, although it has made several such changes in the riot and civil commotion policy and the most recent change, adopted last September, has been incorporated in the extended coverage endorsement in most jurisdictions. The result, in the opinion of many underwriters, is that the simple explosion policy now gives broader explosion coverage than either the riot and civil commotion policy or the explosion section of the extended coverage endorsement.

Explosion Policy's Terms

The explosion policy excludes "loss or damage caused by military or naval force of foreign enemies." The riot and civil commotion policy formerly contained a similar exclusion, but the latest mandatory endorsement excludes "loss which either in origin or extent is caused by war, invasion, civil war, insurrection, rebellion, revolution or other warlike operations (whether war be declared or not) or civil strife arising therefrom; nor, unless otherwise provided by endorsement attached to this policy, for loss caused by acts committed by the agent of any government (de facto or otherwise), or by the agent of any party or faction engaged in war, invasion, civil war, insurrection, rebellion, revolution or other warlike operations (whether war be declared or not), or civil strife arising therefrom, except that the foregoing is not intended to deny liability for loss by explosion not occurring during and in connection with operations of military or naval armed forces in the country where the described property is situated."

Intent of Endorsement

The apparent intent of this endorsement, which is also used with the extended coverage endorsement in most jurisdictions, is to cover malicious explosion by foreign secret agents, such as the famous Black Tom explosion in the last war, but to deny liability for other types of war losses, including "undeclared wars," rebellions and the like. There are many possible situations under this endorsement which might have to be settled by the courts, but in general this appears to be the intent.

It is obvious, however, that the short exclusion in the explosion policy of acts of "military or naval forces of foreign enemies" does not take in as much territory. The explosion policy would certainly cover explosion by foreign secret agents. It would also apparently cover explosion occurring during civil wars, revolutions, insurrections and the like, even though they might involve military or naval armed operations. Likewise, since the explosion policy requires that the excluded acts must be of "foreign enemies," many underwriters be-

McCahan Heads the College Teachers

Chicago Likely to Be Selected as Place for 1940 Meeting

Prof. David McCahan, University of Pennsylvania, is the new president of American Association of University Teachers of Insurance. While Prof. Robert Riegel, University of Buffalo, was nominated for a second term as president, as has been customary in the association, he preferred not to be re-elected. Dr. McCahan as vice-president then automatically became president and the executive committee will elect a vice-president, as provided by the constitution in such cases. C. A. Kline, University of Pennsylvania, was elected secretary-treasurer.

Follows Statistical Association

Ordinarily the annual meeting is held during week between Christmas and New Year's at the same place as the American Statistical Association annual convention. The statistical association has set Chicago as the place and Dec. 26-29 as the dates for its 1940 meeting. Hence it seems likely that the teachers will meet in Chicago.

Program for Memphis Rally

The program is announced for the Fire Department Instructors Conference at Memphis, Jan. 9-12. This has become an increasingly important event. It is sponsored jointly by the fire prevention department of the Western Actuarial Bureau and the Memphis fire department. R. E. Verner, manager of the fire prevention department, J. Burr Taylor of that department and Harry K. Rogers, chief engineer of the department, take important places in the proceedings. Among the speakers will be E. C. Knowlton, engineer of the National Board; E. J. Stewart, Kansas Inspection Bureau; J. B. Wilkinson, chief engineer Fire Insurance Rating Bureau, Milwaukee. Aside from these speakers associated with the insurance business are many leaders in the field of fire fighting, both practical and theoretical.

lieve that explosion damage caused by American forces in repelling an invasion would be covered.

Some observers believe that if the recent naval battle involving the German ship "Graf Spee" had taken place off the American coast instead of off Uruguay, damage done by any shells of either side which might have landed on American territory would have been covered by the simple explosion policy, although probably excluded by the riot and civil commotion policy or the extended coverage endorsement. A loss of this type would certainly have been caused by "war," but, since the United States is at peace with both England and Germany, battleships of neither of these countries could be considered "foreign enemies."

I. M. U. A. Announces War Exclusion and Assumption Clauses

Mandatory on Some Classes March 1. Other Changes Made

NEW YORK—Publication of a uniform war risk exclusion clause and war risk assumption endorsement was the most prominent of a number of changes adopted by the executive committee of the Inland Marine Underwriters Association. The war risk rules are effective March 1. The exclusion clause is mandatory on fine arts, transportation, motor truck cargo, bailees customers, bailees liability, processing risks, deferred payment merchandise, wool growers and garment contractors floaters.

The war risk exclusion clause reads: "This policy does not insure against loss or damage arising from war, invasion, hostilities, rebellion, insurrection, seizure or destruction, quarantine or customs regulations, confiscation by order of any government or public authority or risks of contraband or illegal transportation or trade."

The war risk committee has been authorized to pass upon the wording of forms used by member companies specifically submitted as being the equivalent in intent of the mandatory clause.

War Risk in U. S. and Canada

The insuring clause of the war risk endorsement is similar to that of the war risk and bombardment policy published by the Explosion Conference last September. It covers only within the United States and Canada and may not be written on coastwise shipments or on shipments destined for export by overseas vessels, nor on imports after discharge from overseas vessels. The form and rate committee has been authorized to publish rules and rates for this coverage.

The new war risk rules permit writing this coverage on coastwise vessels on a declared risk basis, reported individually or monthly. Property on overseas vessels may be covered on a declared trip basis only, subject to the rates of the American Institute of Marine Underwriters or the American Cargo War Risk Insurance Exchange and subject to a 48 hour cancellation clause.

New Civil Authority Clause

The executive committee authorized an optional civil authority clause for other policies under its jurisdiction, covering loss caused by damage or destruction by order of civil authority for the purpose of retarding a conflagration, provided the damage is not caused or contributed to by war or warlike operations.

The musical instrument floater rules regarding rates for instruments used by orchestras and bands have been revised to define a band or orchestra as a for-

(CONTINUED ON PAGE 30)

Marsh & McLennan Distinctive Luncheon

**Hosts to Western Executive
Talent in Honoring 3 Retiring
North America Officials**

Nearly 100 were guests of D. R. McLennan, chairman, and C. W. Seabury, president of Marsh & McLennan, at a luncheon in the Chicago Club Tuesday in honor of three executives in the western department of the North America, who are retiring. It was a most distinctive gathering and the group comprised an almost complete representation of the fire insurance executive talent in the west, both in company, board and bureau ranks. As Mr. Seabury, who served as toastmaster, remarked pleasantly, if the group should go into executive session it would very shortly dispose of all the fire insurance problems in the west for 1940.

The honored guests were H. W. Riker, manager; L. J. Braddock, associate manager, and M. G. Egbert, assistant manager.

Mr. McLennan made a brief, gracious talk. John O. Platt, president of the North America, and Insurance Director Palmer of Illinois spoke in appreciation of the honored guests, and Mr. Riker responded in behalf of himself and of Mr. Egbert and Mr. Braddock.

Sees Opportunity for Improvement

Mr. Platt said he is impressed by the fact that insurance is a friendly business. It is a business that has met its obligation, kept its employes on the payroll, has paid dividends and has responded to its trust. However, he said, it is well to seek to get a detached viewpoint towards the business in an endeavor to ascertain if the performance cannot be improved. Mr. Platt declared that he is impressed by the accomplishments in other fields where an effort is made to do a given thing better. "I feel," he asserted, "that if we would put the same thought and energy on our business that we can find a better way of doing what we do."

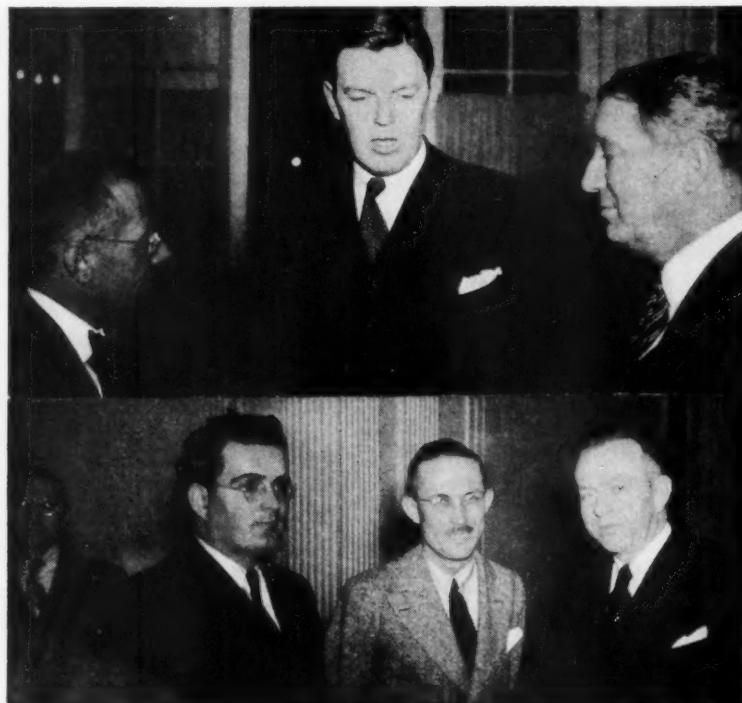
For years, Mr. Platt observed, the three branches of insurance—fire, casualty and marine—have grown up in separate compartments. As a matter of fact, he said, each branch is insurance; it is providing protection. "The question is whether we are giving our best to the man we serve."

Mr. Palmer, who spoke jocularly for the most part, did strike a serious note when he referred to the proposal on the part of a Republican legislator that the appropriation for the Illinois department be reduced 50 percent. He pointed out that if that were done, the tax upon insurance would not be reduced; the saving would merely go into the general fund. He said that such a responsible group as that at the luncheon should investigate that proposal, form an opinion and assert itself. He said that the department is on an extremely efficient basis.

Messrs. Riker, Egbert and Riker and Arthur A. DeCelle, office manager, who is also retiring, were guests at a farewell party given by the North America last Thursday evening. About 50 attended.

The Nashville Association of Insurance Women elected the following of officers: President, Mrs. Howard Robertson, Gale, Smith & Co., succeeding Mrs. Richard Allen; vice-president, Mrs. A. L. Tate, Mark Bradford agency; secretary, Mrs. W. L. Lafavor, R. M. Heriges, Jr., agency; and treasurer, Mrs. Edward Burton, Stutson Smith, agency.

The Fisher & Johnson agency, Covington, Tenn., operated for 22 years by F. R. Fisher and J. L. Johnson, has been sold to George Gracy and J. W. McCormick.



In attendance at the annual meeting of the American Association of University Teachers of Insurance in Philadelphia were (top row, left to right): Robert Riegel, University of Buffalo, association president; Paul L. Taylor, deputy superintendent New York department, who spoke on savings bank life insurance, and Ralph H. Blanchard, Columbia University, who discussed the paper presented by A. Van Court Miller, New York "Herald Tribune," on the buyer's viewpoint on insurance. Bottom: J. W. McNeill, Ohio State University; C. L. Parry, business research division Metropolitan Life, and E. L. Bowers, Ohio State University.

How Easily Dispensable Is Middleman!

George Malcolm-Smith, who writes an essay in the Travelers' "Protection" each week under the heading, "The Tower Telescope," has been turning out some superior work. He always has an interesting point or moral, but he writes with a light touch and he is always most readable. This week he says in a somewhat new way something that has been said in various other ways recently—the value of the middleman in insurance and in business in general.

"Save money on your insurance. Eliminate the agent and your insurance will cost you less. Why pay an agent's commissions when you can arrange your insurance program yourself?" Mr. Malcolm-Smith writes.

Quite an Argument

"There's a lot in that argument. There's a lot more, indeed, than its exponents perceive. There's enough in it to disrupt the whole competitive basis on which American business is conducted, to destroy the American system of private enterprise and, in the last analysis, to undermine the American democracy.

"For, if that sort of reasoning is accepted by the public in regard to one line of business, it should be acceptable as applied to all forms of commercial enterprise. Why limit its application to insurance? Why not be consistent? Let's get rid not only of the insurance agent, but also of the retail merchant, the traveling salesman and the whole kit-and-kaboodle of middlemen, entrepreneurs and 'non-producers.' Why not:

Why Pay a Plumber?

"Be your own plumber. Why pay a plumber when you can learn to wipe a joint yourself after ninety or a hundred attempts? Get yourself a plumber-kit. The neighbors will be delighted to let you practice on their bathroom pipes."

"Be your own lawyer. If you're foolish enough to go to law, you probably haven't a case, anyhow. Why pay a lawyer to lose your suit when you can do it just as neatly yourself?"

"Be your own doctor. Make your own diagnoses and save money. What's the difference whether you're suffering from cirrhosis of the liver or angina pectoris? Your suffering, aren't you?"

THIS WEEK IN INSURANCE

New war risk exclusion and war risk assumption clauses published by **Inland Marine Underwriters Association**. **Page 3**

Situation as to war exclusion clause in explosion policy causes some speculation. **Page 3**

Government control, entry into insurance business, elimination of agents, are real objectives behind TNBC inquiry, "Nation's Business" declared in 32-page special supplement. **Page 5**

C. M. Purmort retires as president of **Central Manufacturers Mutual** and is succeeded by L. G. Purmort. **Page 8**

New forgery bond for banks making loans on finance paper announced by Surety Association of America. **Page 15**

How the SEC inquisitors work up their line of inquiry is reviewed. **Page 15**

Dr. David McCahan, University of Pennsylvania, becomes president **American Association of University Teachers of Insurance**. **Page 3**

War risk rates generally reduced in two hemispheres as result of Graf Spee destruction, curtailment of submarine and mine hazard. **Page 5**

Mutual companies, in bidding for **HOLC business**, intend to follow rates of state rating bureaus. **Page 3**

President R. M. Bissell of Hartford Fire and Hartford Accident sends unusual New Year's greetings to agents. **Page 15**

Stockholders on Jan. 17 will vote on a proposal to revise the capital setup of **Standard Accident**. **Page 21**

Bureau companies defer action on proposal to change basis of commission on auto lines under the safe drivers reward plan. **Page 17**

Lloyds Appeals Decision in Ottawa Bank Case

London Lloyds has taken an appeal from the decision of the federal court at Chicago holding Lloyds liable for a \$60,000 loss suffered by the First National Bank of Ottawa, Ill., under a bankers blanket bond. The loss occurred in the robbery of a messenger of the Ottawa bank, after he had received delivery of a shipment of currency from the Federal Reserve Bank at Chicago, at the Ottawa post office. Lloyds took the position that the bankers blanket bond constituted secondary insurance in this instance and hence was not liable and that the loss should be paid by the companies insuring the registered mail shipments of the Federal Reserve Bank. Those companies did advance \$60,000 immediately after the loss occurred but they contended successfully in the federal district court that this, under the terms of the policy, was merely a loan and that the registered mail policy constitutes excess insurance. In all previous occurrences of this kind, Lloyds has paid under its bankers blanket bond.

It is understood that the Federal Reserve Bank is vitally interested in the outcome of this action and that if Lloyds should prove to be the eventual winner, the Federal Reserve Bank intends to surround its shipments of currency to member banks with much less liberal conditions.

Smrha Voices Opposition to Dual Control of Insurance

LINCOLN, NEB.—Insurance Director Smrha is opposed to dual control of insurance as proposed in suggestions made in Washington as a result of the monopoly committee's hearings. Added expense to the policyholders through federal control in part is not justified by existing conditions in the field of regulation, he holds. The system of examinations of companies by the insurance departments, while capable of improvement, provides ample protection to policyholders in normal conditions, he believes. Federal examinations would be mere duplications, and that would follow once federal intervention in the regulatory field occurred.

State laws regulate investments, and departments keep constant check on them, so that the approval of the SEC would not increase stability. Limitation as to size of companies is undesirable, as size is not an important factor.

Government representatives on the boards of mutual life companies should be sufficient to remedy any of the evils existing by reason of the ability of officers to perpetuate themselves in control, to the disadvantage of the policyholder, he says.

And anyway, you've got to die some time.'

"Be your own undertaker. You can buy a textbook in any second-hand bookstall on lower Fourth Avenue and embalm your deceased friends and relatives. What if you do make a few mistakes at first? The deceased will never know the difference."

"Underwriters Review" New Setup

The "Underwriters Review" of Des Moines is changing its setup. The magazine issued the first of the month will be greatly enlarged and will be devoted to sales articles and news items. The mid-month issue will be a news letter, devoted entirely to news items.

G. Ross Robertson of G. R. Robertson & Son, Montreal, 47, died suddenly at Como, Que. He was with the Mercantile from 1909 until 1911 when he entered business with his father.

Graf Spee Sinking Brings Reduction in War Risk Rates

Curtailment of Menace in Two Hemispheres Brings Action by Underwriters

NEW YORK—Induced by the removal of the Admiral Graf Spee as a menace to shipping along the Atlantic seaboard, and the recent curtailment in the number of vessels sunk by German submarines and mines in European waters, marine underwriters here issued a new schedule of rates for war risk coverages on shipments to and from the United States. The reductions amount in some instances to as much as 2 percent and went into effect Jan. 1.

On exports carried on belligerent flag or neutral ships to the United Kingdom, West Coast ports between Glasgow and Land's End, inclusive, and northern Ireland, the rate is now 5 percent, a reduction of 1 percent. A separate rate on belligerent and neutral vessels applies to shipments to Ireland, the rate on the former class being 5 percent and on neutral vessels 4 percent.

Many Reductions Are Made

Shipments to all other United Kingdom ports and to the Continent, Brest to the Netherlands inclusive, by either belligerent or neutral flag vessels will be written at 5 percent, compared with 6 percent previously charged. A reduction from 5 percent to 3 percent on cargos carried in belligerent ships plying between the United States and France, via Atlantic, south of Brest, is now in effect. The import rate by neutral ships remains unchanged at 2½ percent, while the export rate is cut from 5 percent to 3 percent.

On shipments to and from Norway, not south of Bergen, by northern route, the export rate on neutral vessels was cut from 3½ to 3 percent, the import rate continues at 3 percent. Rates on belligerent flag vessels remain unchanged at 4 percent on imports and 5 percent on exports. A reduction of 1 percent was sanctioned on belligerent ships from and to Portugal and Spain, via the Atlantic and Gibraltar, the new rate being 3 percent, while the charge for neutral vessels was cut from 2 percent to 1½ percent.

Rates for shipments to Mediterranean ports, too, were reduced, those on belligerent vessels excluding the Black Sea, being 3 percent compared with 4 percent previously. Neutral vessels get a 1½ percent rate as against 2 percent formerly. Shipments on belligerent vessels sailing via Suez to and from Japan, the Philippine Islands, China (not north of Shanghai, including Hongkong and Haiphong), are now charged 4 percent, as against 5 percent previously. On shipments via the Cape the rate has been cut from 26 percent to 2 percent; via Panama 1½ percent, against 2 percent, and via trans-Pacific, ¾ of 1 percent, against 1 percent formerly.

On imports and exports on belligerent vessels sailing via the Suez to or from East and the Far East, including Australasia, China north of Shanghai, Darien and Manchukuo, excluding Japan, Philippine Islands, China not north of Shanghai, Hongkong and Haiphong, rates are reduced from 5 to 4 percent; via Cape, from 2½ to 2 percent; via Panama, from 2 to 1½ percent. Trans-Pacific rates remain at 1½ percent.

A reduction from 2 percent to 1 percent applies to all other voyages by bel-

Ocean Air Mail Aids "Business as Usual" Intent

The transatlantic air mail is proving of immense value to reinsurance offices in this country in doing business with British reinsurers, offsetting very largely the absence of fast liners which have been withdrawn because of submarines. The air mail cuts down the transit time by two-thirds. Ocean vessels that are operating are not only slow but their departure dates are not announced for fear the information might prove valuable to the Germans.

The air mail, which is carried by Pan American Airways "clipper" ships, is landed at Lisbon, a neutral port. From there it goes by train to Paris. It may or may not be flown from Paris, depending on circumstances, but little delay is caused by sending it the rest of the way by train and channel steamer.

Expensive but Worth It

Postage rates are 10 times the domestic air mail rate—30 cents a half ounce—but the speed it permits is considered so valuable that all but the most routine papers are sent by air. Special paper

is available which is light but strong and not unduly transparent. Envelopes are made of similar paper and carry a printed black design inside which successfully prevents the contents from being read from the outside.

There have been no disasters involving the transatlantic planes but as a precaution the usual practice is to send duplicates by steamer mail.

Offices here which place reinsurance abroad deny that the war has caused any delays in transacting business, with either Lloyds or the British companies, which exemplify the "business as usual" attitude of English business men. While some of the departments have been moved to the London suburbs as a part of air raid precautions, the departments which transact either domestic or foreign business are still in London. It is reported here that the \$40,000,000 trust fund which Lloyds set up in New York to guarantee payment of American claims has had a stimulating effect on the demand for Lloyds reinsurance facilities.

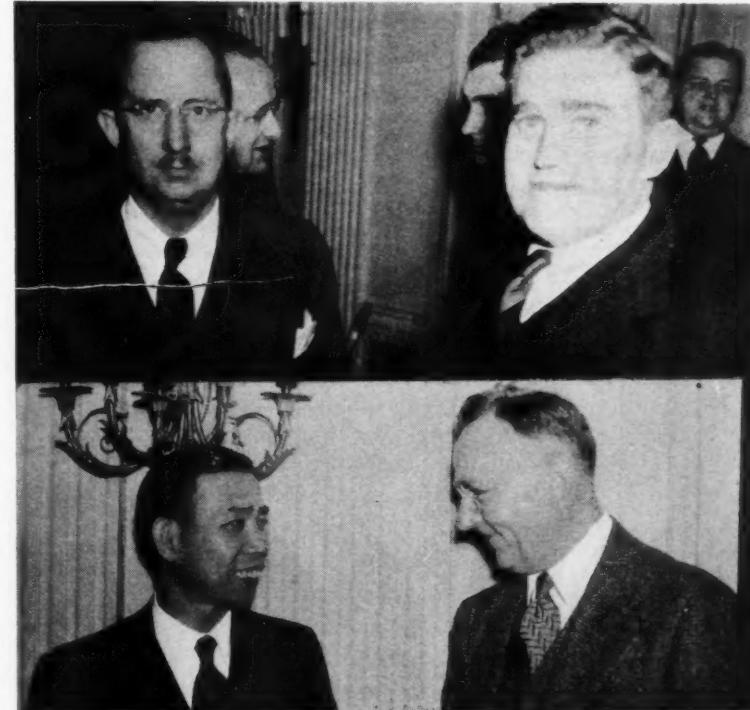
belligerent ships between North America (Atlantic and Pacific coasts) and South America (Atlantic coast south of Paramaribo and Pacific coast south of Buenaventura. It is pointed out that the new rates exclude shipments on German or Russian vessels, and also exclude shipments to, from, transshipped or calling at Germany, the Soviet Union or their possessions.

ELIMINATE NEED FOR U. S. AID

NEW YORK—Operation of the American Cargo War Risk Reinsurance Exchange of this city has served to provide broader facilities to shippers and to lessen the need for the U. S. government to extend its powers in the field of insurance, William D. Winter, exchange chairman announced. Bills were introduced in the last session of Congress to

provide government war risk insurance and reinsurance, it being felt the private market was unable to cope with the situation resulting from war. No action was taken, and private interests took steps to ward off the threat by improving their facilities. Passage of the neutrality act, Mr. Winter said, has had the tendency to lessen the volume of war risk insurance on vessels from this country to combat areas.

"The experience of recent months indicates that there will be no real necessity for extending government insurance unless and until this country should unfortunately become involved in war, in which event the emergency program would undoubtedly include a provision authorizing the government to engage generally in the writing of war risk insurance and reinsurance."



At the annual meeting of the American Association of University Teachers of Insurance in Philadelphia:

Top (left): E. W. Boehmle, dean school of commerce Chicago Central Y. M. C. A. College, and Frank Dickinson, University of Illinois, who gave a paper on "Insurance Developments After 1940."

Bottom (left): Dr. Ryōichi Obayashi, school of commerce Tokio University of Commerce, and C. K. Knight, University of Pennsylvania, who discussed the paper on "War Clauses in Life Insurance," given by Pearce Shepherd, assistant actuary Prudential.

Socialistic Plan Is Declared Behind TNEC Inquiry

"Nation's Business" Says Real Aims Are Government Control, Entry in Business

WASHINGTON—Underlying purposes of the TNEC investigation of the life insurance business are to make a case for federal government supervision of insurance, to suggest the elimination of the agency system, and to obtain material upon which can be based a recommendation for some type or types of federal government operated life insurance in competition with private companies, it is declared in a special supplement to the current issue of "Nation's Business" magazine. These, the magazine says, are the obvious, immediate objectives. Government ownership and operation of various forms of insurance it holds, cannot help but follow.

"Federal supervision," it is pointed out, "is to be inaugurated by giving the Securities & Exchange Commission authority over insurance investment—the heart of the business as a private enterprise."

Seek to Get Agent's Job

"Government life insurance has been proposed by Senator Wagner. A so-called government 'burial insurance' scheme was presented to the Temporary National Economic Committee by the actuary of the social security board, at the request of the Securities & Exchange Commission. The plan called for compulsory contributions 'from everybody in the country, man, woman and child.' Systematic attempts are being made to discredit the insurance agent; to show he is useless.

"The (government) planners recognize that the institution of insurance is a private, free, national enterprise which so far has escaped federal control. They know it is the backbone of the capitalist system. They are aware that, over a long period of years, this business was created and developed by the people themselves for their own protection and motivated by their confidence in the insurance principle as established in their free economy.

Contrary to U. S. Methods

"All of this is contrary to the philosophy of those who believe in the nurse-maid theory of government. No private enterprise, they argue, should have such freedom or such an economic and social foothold. So they have begun, quite logically, to devise ways to alter the situation.

"The first problem is getting the government's foot into the banking and insurance door. Once this is accomplished, the socialist advocates of government ownership believe it will be easy to break in and seize the premises. Occupation of the premises will give control over nearly every productive enterprise."

Merle Thorpe, editor of the magazine, explained that the 32 page supplement was published at this time "to assist policyholders and beneficiaries in appraising and interpreting more intelligently the developments now shaping in the field of public policy."

"Two mighty forces," Mr. Thorpe said, "representing two conflicting theories of human relations, are at grips today in Europe—and in the United States. The combatants abroad use

(CONTINUED ON PAGE 29)

NEWS OF FIELD MEN

Belford to National Union in Minnesota

MINNEAPOLIS—Effective Jan. 1, Walter W. Belford, one of the most widely known field men in Minnesota, severed his connection as state agent for the Rhode Island to take a similar post with the National Union, succeeding G. D. Van Wagener. He will have the title of state agent for both Minnesota and North Dakota.

Mr. Belford is well and favorably known, having traveled those states for a number of years. Following 18 months overseas service in the war, he served as deputy insurance commissioner of Minnesota under George W. Wells for one year and since then has been in the field for the Rhode Island. Lately he has looked after the business in St. Paul, Minneapolis and Duluth particularly. He has taken an active part in Blue Goose affairs as well as fire prevention and safety work.

Neil C. Selvig, who has been assisting Mr. Belford in the Rhode Island office as special agent, will take over the post of state agent for that company.

Deal Joins G. & R. in Ga.-Ala. Field

H. Russell Deal has resigned as assistant secretary at the head office of Hanover Fire to return to field work in the south. He has joined Globe & Rutgers and will serve as state agent for Georgia and Alabama with headquarters in the Trust Company of Georgia building, Atlanta. Mr. Deal went to the head office of Hanover about two years ago. Previously he had been in the Georgia field for that company. He is especially well known in the territory.

W. H. Brewster has resigned as special agent in Massachusetts for the Rhode Island and Merchants of Providence to take a field position in New England with Globe & Rutgers. His exact jurisdiction has not yet been determined. Globe & Rutgers has two other field men in New England as well.

Rhode Island Field Men to Learn of New Program

Field men of the Rhode Island have been called to the head office in Providence, commencing Monday, for a conference. It is expected that at that time Stewart B. Hopps will announce the complete details of the change in setup and operations that is being put into effect.

Some observers believe that the Rhode Island will concentrate now on big city business, through large brokers. Mr. Hopps has always operated along those lines. The entire business of the affiliated Merchants of Providence has been sold to Globe & Rutgers and the business of the Rhode Island itself in some states has been reinsured. A number of the Rhode Island field men have already made new connections, including Fred Fuessel of Missouri, A. L. Johnson of Iowa-Nebraska, W. H. Brewster of Massachusetts and W. W. Belford of Minnesota.

It is understood that the Rhode Island has in the past week or so made appointments with some very large agencies in several of the big cities.

Orville G. Bjorgo of Mankato, Minn., state agent for London & Lancashire, has been spending the holidays in Chicago where both his and Mrs. Bjorgo's families are located. Until two years ago he was connected with the Chicago and Cook county department of London & Lancashire.

Glens Falls Revises N. Y. Field Setup

A number of promotions and changes in the New York state field have been announced by Glens Falls.

Ray Holzwarth, who has been special agent in western New York in charge of the territory, is made state agent in the same field. He will be assisted by George S. Dygert as special agent. Mr. Dygert for the past year has been serving in northeastern New York as an inspector. He has been with Glens Falls since 1924. Mr. Holzwarth and Mr. Dygert will maintain headquarters at the Onondaga County Savings Bank building, Syracuse.

S. L. Porter remains in charge of the central New York field and is advanced to state agent. John Y. Lambert continues to be associated with Mr. Porter as special agent. Robert P. Crawford is added to that field as special agent. He has been with Glens Falls since graduating from Dartmouth in 1937. The offices will continue to be in the O. C. S. Bank building at Syracuse.

W. H. Cowan is named state agent for northeastern New York with headquarters in the home office. He will be assisted by Special Agents Robert W. Smalley, C. Irving Bush and Arthur Monthie. For southeastern New York, Special Agent A. J. Davidson continues in charge with offices at 25 Market street, Poughkeepsie. He will be assisted by Special Agent Monthie whose work takes in all of the eastern New York territory.

Dubois to Speak at Meeting of Illinois Field Men

A method of presenting the case against consumer cooperatives will be outlined by R. L. Dubois, state agent North British & Mercantile, Indianapolis when the Illinois Fire Underwriters holds its semi-annual meeting Jan. 17 at the Leland Hotel in Springfield.

Mr. Dubois has worked out a particularly effective presentation, which he will discuss at the session devoted to Business Development activities. Wallace Rodgers, assistant manager Western Underwriters Association, will discuss trade associations and programming municipal and institutional properties in relation to business development.

Henry O'Loughlin, state agent Phoenix of Hartford, president, will be in the chair at the business session. A. R. Miller, special agent America Fore and

Illinois B. D. chairman, will have charge of the Business Development session.

It is expected about 100 field men and guests will be present.

American Holds Western Field Roundup at Rockford

Field men in the western department of American are having their annual roundup at the headquarters city of Rockford, Ill., Tuesday, Wednesday and Thursday of next week. From the head office will go Paul B. Sommers, president; L. E. Falls, vice-president; H. E. Taylor, advertising manager, and H. P. Jackson, president of Bankers Indemnity, and Ben S. McKeel, head of the general cover department. The banquet is being held Tuesday evening.

Frey Replaces Corbett in Western Pa. for Pearl

Executive Special Agent E. Roy Frey of Pearl has been named western Pennsylvania and West Virginia state agent to replace W. D. Corbett, who has resigned to take a position with another company.

Mr. Frey graduated as an electrical engineer from Lehigh University in 1915 and has been continuously associated with the insurance business since then except for the period he served in the war. He has been connected with several companies, inspection bureaus and agencies.

Mr. Frey was formerly in charge of Pearl in eastern Pennsylvania territory, assisted by Special Agent A. G. Gladning, who now assumes supervision of that field.

J. M. Hutch Takes Wisconsin Post for Norwich Union

In succession to H. C. Busack, recently resigned, J. M. Hutch has been appointed state agent in Wisconsin for Norwich Union Fire. His headquarters are at 825 North Jefferson street, Milwaukee. He has been connected with the organization for a number of years and lately has been serving as an examiner at the New York head office.

Yorkshire Makes Texas Changes

C. L. Beale, Texas state agent of the Yorkshire and the Seaboard Fire & Marine, hereafter will have charge of Texas business of the London & Provincial of the Yorkshire group, which has been supervised in Texas by J. P. Desmarais & Co., Houston general agents. Desmarais & Co. will continue to supervise Texas business of the Yorkshire Under-

writers and Seaboard Underwriters.

T. W. Schulze, who has been traveling Kentucky and Tennessee for the Yorkshire group, has been transferred to Texas to assist Mr. Beale as special agent, with headquarters in Dallas.

Home's Texas Setup Revised

DALLAS—M. L. Canfield and E. R. Smith, Texas state agents of the Home of New York, have announced several changes in field assignments in Texas. C. O. Stewart, formerly special agent in east Texas, has been transferred to Abilene, and Earl W. Holt, formerly at Abilene, has been transferred to Dallas, in charge of east Texas.

B. D. Muzzy, Jr., formerly special agent in Arkansas under State Agent Knox Oates, has been assigned to Abilene as farm special agent. E. L. Frazier, who has been in the marine department in the home office for training, is now in the Dallas marine department.

Harris Succeeds B. C. Fischer

E. E. Harris, special agent in the Los Angeles office of the National of Hartford for several years, has been placed in charge of the southern California office, succeeding B. C. Fischer, who was agency superintendent for a number of years and who resigned Jan. 1 to enter local agency work in Los Angeles.

Mr. Harris will be assisted in the field by Donald E. Walker, who has also been with the office for some time.

Erickson Now State Agent

George E. Erickson has been appointed Illinois state agent by Western Fire and Western Casualty & Surety, taking the place of the late J. Sam Foster, Illinois and Wisconsin state agent, who died recently. Mr. Erickson has been with the Western companies since he was graduated from high school in 1927. He spent about nine years in the home office, becoming a fire underwriter. Then for a year he was special agent in Missouri, operating out of the home office, and in the last two years has had headquarters at Davenport, traveling parts of Iowa and western Illinois as special agent.

Lowe to San Francisco

E. W. Lowe, special agent in Seattle for the National Fire of Hartford, has been transferred to Pacific department headquarters in San Francisco in charge of the loss department. He is succeeded in the field by Gerald Haney, formerly with the Norwich Union in Oregon.

Florida Winter Splash Jan. 10-11

The winter splash of the Florida Blue Goose will be held at Tampa Jan. 10-11. George E. Edmondson, supervisor, and Mrs. Edmondson will be hosts at an open house buffet supper. The Field Conference will meet the morning of Jan. 11 and the initiation that afternoon will be in charge of Sam E. Myrick, Home of New York, with a large class. Mrs. E. B. Gregory is chairman of ladies entertainment.

Honor Whittlesey at Fargo

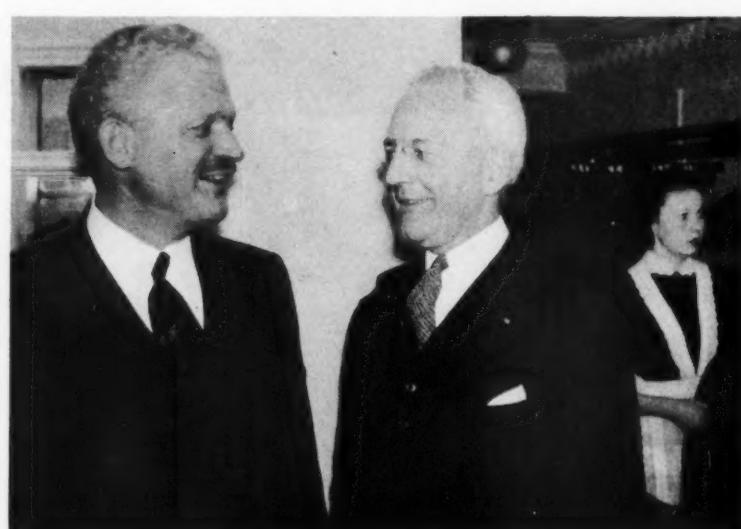
C. S. Whittlesey, for 25 years manager of the Western Adjustment in Fargo, N. D., who retired Dec. 31, was honored at a dinner by 40 members of Dakota Blue Goose. Emil Glaser of the Western Adjustment was toastmaster. Mr. Whittlesey was presented a gift.

Johns Transferred to Dallas

Herndon Johns, special agent of the National Liberty at Houston, Tex., for more than two years, has been transferred to the Dallas office.

Dawson Goes to Oklahoma

Perry G. Dawson has been appointed Oklahoma state agent of the London & Lancashire group, succeeding G. A. Jorgenson, resigned. Mr. Dawson is a product of the western department office.



H. H. Reed, general manager at New York, North America, and J. Brooks B. Parker, head of Parker & Co., prominent aviation insurance brokers, attended the annual meeting in Philadelphia of the American Association of University Teachers of Insurance. Mr. Reed addressed the meeting on war problems in marine insurance.

in Chicago, having filled an examiner's chair until last April, when he was sent to Ohio to assist the state agent there.

London Assurance Get-Together

The entire field organization of London Assurance is gathering in New York next week for the annual conference with head office executives. For the past several years the western field men have had a separate conference at Chicago, but this year the management decided to bring the entire organization together.

G. D. Griffith's Work Expanded

George D. Griffith, who has traveled the Ohio field for the inland marine department of Northern of London for some time, has been appointed special agent in the northeastern section of the state for the fire and automobile branches as well. His headquarters remain in Cleveland.

Hanover Roundup Next Week

The annual conference of field men in the western department territory of Hanover and Fulton will be held in Chicago, Jan. 16-17. In addition to the western department officials, President F. A. Hubbard and four or five other head office executives intend to be present.

M. F. Jones' Field Extended

Malcolm F. Jones, who for some time has supervised Virginia for the American, Dixie and Columbia with Richmond headquarters, has had Washington and the District of Columbia added to his territory.

Gedney Philadelphia Special

The American of Newark has appointed R. H. Gedney special agent in Philadelphia, succeeding A. F. Bristor, resigned. Mr. Gedney has been with the home office marine department of the

group and prior to that was Philadelphia manager for Newhouse & Sayre. He was at one time a local agent at Knoxville, Tenn.

FIELD NOTES

The annual dinner-dance of the Indiana Blue Goose will be held Feb. 3 at the Lincoln Hotel, Indianapolis. Advance interest indicates the attendance will be large.

The Ohio Fire Underwriters Association will meet in Columbus Jan. 9. It had not been planned to hold a meeting in January, but the development of important questions makes the meeting necessary. The next meeting will be held Feb. 6 in Cleveland.

C. H. Jones, special agent Commercial Union, Denver, is the father of a baby boy.

Thomas Hites, Wisconsin state agent of Boston and Old Colony, spent the holidays in Des Moines. He formerly was Iowa state agent of those companies.

W. C. Starkweather, recently appointed Ohio state agent for Caledonian, is making his headquarters in the Leader building, Cleveland. It was incorrectly stated that his headquarters would be in Columbus.

The Sunflower (Wichita) Blue Goose puddle had a good turnout for its New Year "stag." G. M. Montgomery of Western Adjustment, C. C. Crow of Underwriters Adjusting, and W. H. Moore, Central Kansas Adjustment, were in charge. A number of out-of-town members attended.

The bi-monthly meeting of the Kansas Fire Underwriters Association has been postponed to Jan. 16 in Topeka so that members may attend the Jan. 8 meeting in Wichita addressed by Ray Murphy.

The quarterly meeting of the Indiana Fire Underwriters Association has been called for Jan. 15 in Indianapolis.

NEW YORK

OLDEST HOME EMPLOYEE RETIRES

Walter G. Crooks, head of the reinsurance department of Home, and that company's oldest employee in point of years of service, has retired. He was given a luncheon by President H. V. Smith and was presented with a watch and an illuminated testimonial. He went with Home in 1885 as a clerk, later was transferred to the southern department and after seven years got into the reinsurance division. He has served under every president of Home, except the first. He is president of the Quarter Century Club, composed of members of the organization who have served continuously for more than 25 years.

FRIES HEADS BROOKLYN UNIT

J. E. Fries was reelected president of the Brooklyn Insurance Brokers Association. Vice-presidents reelected are Alex Goldberger, J. H. Piselli and M. L. Nathanson. E. C. McCormack was reelected treasurer; H. G. Ellis, Jr., secretary, and Victor Gauthier, executive committee chairman.

HAROLD SMITH AS HOST

Harold V. Smith, president of Home, was host at a tea given for 30 charter members of the Insurance Women of New York at the Harold V. Smith Museum, at the head office.

The evening was spent in viewing the H. V. Smith collection, which is devoted to various exhibits of fire fighting. In this collection are many old fire marks, prints of fires and fire fighting apparatus, and a complete group of model fire engines and other equipment, dating from the first engine used in New York City, and many other souvenirs of interest to insurance people.

The Terminal Agency, Vancouver, B. C., has been appointed general agent

35-Year Man



LUDWIG RUBEK

Ludwig Rubek, president of the L. H. Stubbs & Co. agency of Cedar Rapids, Ia., on Friday of this week completes 35 years of continuous service with that agency. Mr. Rubek started under Lew W. Anderson when the firm name was J. S. Anderson & Son. When Lew Anderson died in 1915, the management was succeeded by Lurton H. Stubbs and upon the death of Mr. Stubbs at Manila, P. I., in April, 1937, Mr. Rubek became president. He is one of the prominent men of his state and takes an influential part in the activities of the Iowa Association of Insurance Agents.

of the Phenix Fire of Paris. Harold Darling is managing director.

NORTH STAR REINSURANCE CORPORATION

Reinsurance of Fire and Allied Lines

90 JOHN STREET, NEW YORK • 200 BUSH STREET, SAN FRANCISCO

Valuation Rules Issued by California

SAN FRANCISCO—Commissioner Caminetti of California is distributing annual statement forms to companies, with a long explanation as to acceptable means of valuations and also calling attention that under a new California law the tax statement does not have to be filed before April 1. In past years the statement and tax statement were required to be filed by the first Monday in March. The general financial statement must be in the insurance department office by March 1, the modification being the further time granted for the premium tax report.

Valuations for bonds are the same as that approved by the National Association of Insurance Commissioners but the acceptable basis of valuation for stocks, as prepared by Commissioner Caminetti, is as follows:

"Stocks of corporations solvent on Dec. 31, 1939, and having paid cash dividends in 1939 at a rate, computed on the book value at which they, respectively, are carried by the reporting insurer, equal to or in excess of 3 percent, but in no event less than the minimum rate required to be carried to maintain their ratable share of the reserves to be maintained on outstanding policies and interest-bearing obligations of the reporting insurer at their respective book values provided that if the foregoing conditions are satisfied in respect to the acquisition cost of any of such stocks, such acquisition cost may be used for such stocks as satisfy said conditions. Acquisition cost as used therein shall, in the case of stocks acquired by exchange and in the case of rights received as dividends or otherwise, be held to mean a sum not exceeding the market value quoted at the date of acquisition."

Other stocks are valued on the commissioners' formula.

Osmor with National F. & M.

Harold Osmor, previously with North British and Northern Assurance, has joined National F. & M. in the inland marine production department.

Participate in Accident & Health Week, April 22-27, 1940. Write your company for promotional material.

Former N. Y. Superintendent Named to Highest Court



ALBERT CONWAY

Albert Conway, former insurance superintendent of New York, who resigned to accept an appointment as a justice of the New York supreme court, has now been appointed to the New York Court of Appeals which is the highest tribunal of that state.

New President of Van Wert Insurers



C. M. PURMORT



L. G. PURMORT

Retirement of C. M. Purmort as president of Central Manufacturers' Mutual and Ohio Underwriters Mutual Fire of Van Wert, O., and election of L. G. Purmort as the successor is announced this week. The retirement is in the regular course of events under the pension plan of the companies. C. M. Purmort will continue as a director and member of the executive committee. L. G. Purmort has been secretary-treasurer.

F. W. Purmort, who had been assistant secretary, becomes vice-president and Paul W. Purmort, formerly assistant secretary, is now secretary-treasurer.

H. A. Kern, R. E. Nelson and W. E. Shackley were appointed as new assistant secretaries; G. D. Borchers was named assistant treasurer and M. L. Landis, counsel.

L. G. Purmort and F. W. Purmort are sons of the late F. W. Purmort. Paul Purmort's father was C. A. L. Purmort, who was president of Central Manufacturers until about five years ago and who died about a year ago.

L. G. Purmort is serving this year as president of the National Association of Mutual Insurance Companies. Last year he was president of the Federation of Mutual Fire Insurance Companies.

Recent Automobile Cases Have Been Decided

The Texas supreme court in Burton vs. Billingsly had a case where the plaintiff was struck by the defendant's car when attempting to make a left hand turn in the middle of the block while he was traveling at an alleged excessive rate of speed. It was held that the plaintiff was guilty of contributory negligence as a matter of law, which was a proximate cause of his injury, and was thus precluded from recovering.

* * *

The Maine supreme judicial court decided a case in Estabrook vs. Webber Motor Company. The plaintiff sued the defendant, alleging that it negligently sold them a car, permitting it to have certain defects in the steering gear and in other respects, by reason of which the car became unmanageable, left the road and turned over, resulting in injuries to the plaintiff's wife. The defendant's demurrer on the ground that the

allegations of negligence were insufficient was sustained.

Ohio Districts Revert to Class 10

CINCINNATI—Because of the withdrawal of city fire protection, unexposed dwellings in Anderson, Columbia, and Sycamore townships revert back from class 8 to class 10. Under a new ordinance effective the first of the year, city fire department service charges were considerably increased and fire protection service contracts with the three townships were not renewed.

F. B. Keller, Chicago, observed the 30th anniversary of his class I agency, Fred B. Keller & Co. Mr. Keller is back on the job following an absence of six years due to ill health. Previous to founding his agency, he spent 12 years with R. W. Hosmer and two years with John Naghten & Co.

J. R. Graham, Chicago manager United States Aviation Underwriters, is in New York this week conferring with home office officials.

Record of 18 Years Analyzed

	Risks Written	Premiums Received	Losses Paid	Burning Ratio Pct.	Loss Ratio Average of Paid Losses Rate of to Risks Prems. Written Percent Percent Paid to Prems. Percent
1921.....\$ 49,373,684,409	\$ 520,800,771	\$ 303,513,839	1.05 .61	58.3	
1922.....54,632,686,788	545,463,196	311,687,842	1.00 .57	57.1	
1923.....64,212,007,615	622,240,735	329,112,310	.97 .51	52.9	
1924.....63,277,574,352	616,658,714	341,431,657	.97 .54	55.4	
1925.....68,227,758,159	661,457,254	364,213,919	.97 .54	55.1	
1926.....74,179,178,945	699,058,896	367,611,295	.93 .49	52.6	
1927.....71,141,015,500	673,053,184	313,355,834	.95 .44	46.6	
1928.....73,218,703,220	675,441,184	311,198,710	.92 .43	46.1	
1929.....77,355,797,114	687,732,495	317,718,274	.89 .41	46.2	
1930.....70,997,367,695	609,039,337	346,110,887	.86 .49	56.8	
1931.....66,883,275,999	539,257,220	319,387,107	.81 .48	59.2	
1932.....60,179,367,141	469,310,688	288,774,979	.78 .48	61.5	
1933.....58,118,765,056	431,574,700	196,598,685	.74 .34	45.6	
1934.....63,858,663,383	456,877,233	195,569,246	.72 .31	42.8	
1935.....65,322,260,987	460,748,917	154,196,767	.71 .24	33.5	
1936.....63,179,552,334	447,330,231	172,400,078	.71 .27	38.5	
1937.....64,058,292,293	441,071,774	158,288,849	.69 .25	35.8	
1938.....63,045,637,053	434,070,088	166,437,800	.69 .26	36.3	
	\$1,172,756,471,821	\$9,998,267,345	.85 .42	49.6	

Figures derived from Weekly Underwriter publication, Insurance by States.

L. T. Block Dead Due to Accident from a Shot Gun

ST. LOUIS—L. T. Block, president and treasurer of the Utilities Insurance Company, and L. T. Block & Co., accidentally shot and killed himself in the basement of his home at McKnight, St. Louis county, about 11:15 a. m. New Year's Day. A coroner's jury returned a verdict of "accident."

The fatal mishap occurred a few minutes after he had told his wife he planned to shoot rabbits on the spacious grounds surrounding the residence. He was 65 years old.

Immediately before the accident, Mrs. Block said she and her husband were dressing to attend a New Year's Day party. Mr. Block who had finished dressing and looking out the second-floor bedroom window remarked, "There are some rabbits out there. I believe I'll go and take a few shots at them." He got the shotgun from a closet in the bedroom and started downstairs. Within a few minutes other members of the family heard two shots.

The Utilities is the outgrowth of a reciprocal exchange which Mr. Block founded in 1911. The company is in excellent financial shape, other officials said. Mr. Block was in fine health and just prior to the fatal accident was in excellent spirits. The company has assets of about \$1,000,000 and operates in 12 states. It carried \$100,000 life insurance on Mr. Block.

Mr. Block was born in St. Louis Dec. 1, 1875, and attended the old Smith Academy, a well known preparatory school of St. Louis and Washington University. He engaged in the insurance business in St. Louis for a short time and then went to Hartford, Conn., where he became general superintendent for the Travelers Indemnity.

He returned to St. Louis and founded L. T. Block & Company in 1911. It was the management corporation for a reciprocal insurance concern known as the Utilities Indemnity Exchange. In 1932 the company was converted into a stock corporation and renamed the Utilities Insurance Company. Mr. Block was also a director of Employers Reinforcement of Kansas City, and the St. Louis Fire & Marine.

Bonito Gets Rhode Island

The marine general agency of Alan H. Bonito & Co. has been appointed as manager for the inland marine department of the Rhode Island. Bonito & Co. also represents New Hampshire Fire, Granite State, Anchor and New England Fire for inland marine and Bankers & Shippers and Standard of New York for automobile. Bonito formerly represented Pearl.

Cincinnati Nominations Made

CINCINNATI—Candidates selected by the nominating committee for membership on the governing committee of the Cincinnati Fire Underwriters Association are T. M. Geoghegan, T. T. Bryant, Max Bernstein, R. C. Storch, T. W. Earls, and E. R. Buss, Jr. Three of the men will be elected to the governing committee at the annual meeting Jan. 18. That committee will then meet to select from its membership the officers of the association for 1940.

H. C. Baur & Co. Agency Opens

The H. C. Baur & Co. agency has been opened in A-1105 Insurance Exchange, Chicago. H. C. Baur, a Chicago broker of about 15 years' experience, is the proprietor. Formerly for a number of years he conducted the Stange Agency Company, a brokerage office associated with Cramsie-Laadt & Co., Chicago. Baur & Co. represents Fireman's Fund, Fireman's Fund Indemnity and Home Fire & Marine.

CHICAGO

WETMORE RETURNS TO WORK

E. R. Wetmore of Munger, Vokoun, Wetmore & Witherbee, class 1 agency of Chicago, is able to get about with crutches these days and goes to his office, after having been laid up at a hospital and at home with a broken leg for about eight weeks. He was struck by an automobile crossing the street by the Insurance Exchange building.

CONSIDER NEW REGULATIONS

The board of directors and advisory council of the Insurance Brokers Association of Illinois met Wednesday to consider the revised constitution and by-laws as submitted by the committee headed by A. W. Ormiston, Travelers.

It will be submitted to the membership at the quarterly meeting early this month. Among the important changes suggested is one that will broaden the base of membership, it being proposed to take in class 2 producers. It is expected that much discussion will center around this suggestion at the quarterly meeting, as it will meet with some opposition from a few of the full-time brokers who have their own offices.

ELIEL & LOEB CHANGES

E. S. Rand, who has been with Wine-man Bros. for the past three years, has joined the Eliel & Loeb agency as vice-president. Mr. Rand will engage in direct business production. He is well known in Chicago insurance circles.

J. J. Chavanne, Jr., head of the engineering department of Eliel & Loeb, has been advanced to vice-president. He has been with Eliel & Loeb for 10 years, going to that office from the R. M. Neely agency at St. Paul, and is known as one of the best informed men on insurance engineering in the Chicago district.

B. H. GLOVER RETIRES

B. H. Glover, who was in charge of the construction and maintenance of the test equipment and buildings of Underwriters Laboratories, Chicago, has retired after 41 years. He was the oldest employee in years of service.

He was honored at a luncheon given by President A. R. Small, and presented traveling cases and other gifts by the staff.

Shortly after the inception of the laboratory testing idea in 1898, Mr. Glover joined with W. H. Merrill, who later became the first president of Underwriters Laboratories. His first problems were with the testing of electrical equipment. Electricity was then a new thing and fires of electrical origin were causing much concern among insurance companies. Mr. Glover served for many years as the first electrical engineer.

Mr. Glover is now traveling in the south and will spend some time in Florida.

HOWARD GETS ILLINOIS BANKERS

Thomas W. Howard, who operates the Ideal Insurance Agency, 222 West Adams street, Chicago, and is especially well known in the accident and health field, has been appointed general agent of the life department of the Illinois Bankers Life.

REACHES HIGH PEAK

The Underwriters Laboratories of Chicago hit the peak in receipts last year, lacking just \$17,000 of reaching the \$2,000,000 mark. This shows the

WANTED

Experienced Inland Marine Underwriter about 30 years of age. Write fully stating qualifications. Address K-93, The National Underwriter, 175 W. Jackson Blvd., Chicago.

remarkable growth of this very valuable institution.

Jevne Haugan, president of Haugan & Co., real estate mortgage firm, has become associated with W. A. Alexander & Co., Chicago. He was formerly vice-president of the State Bank and the Foreman-State Bank.

COMPANIES

National Reinsurance Has Assets of \$6,549,355

The recently organized National Reinsurance Corporation of New York, which is affiliated with Reinsurance Corporation of New York, starts business with assets of \$6,549,355. The new company acquired the assets of the Piedmont Development Corporation and Piedmont Financial Company, Inc. Assets transferred by the first corporation amounted to \$1,099,083 for which Piedmont Development received 16,540 shares of National Reinsurance. Piedmont Financial transferred assets of \$5,450,272 and received 83,460 shares. The principal items of assets consist of cash, \$1,338,304 and common stock, \$5,211,050. There are 235,000 shares of Reinsurance Corporation of New York valued at \$1,977,525; 10,000 shares of Bristol-Myers, \$490,000; 10,600 Life Savers Corporation, \$434,600; 7,000 Sterling Products Inc., \$538,125, and 12,000 Vick Chemical Company, \$493,500. The authorized capital of National Reinsurance is \$1,000,000. The par is \$10 per share.

G&R Advances Bowers, Debrovner

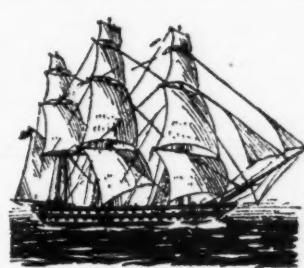
George C. Bowers, formerly comptroller, has been elected vice-president and treasurer of Globe & Rutgers, and Max Debrovner has been elected a secretary and will use the title "financial secretary."

Greenfield Formally Dissolved

LANSING, MICH.—An order has been signed by Judge Carr of Ingham county circuit court here formally dissolving the Greenfield of Detroit, a projected stock fire carrier which never completed its corporate organization. The company had been planned as a unit in the D. F. Broderick fleet.

Pacific National Souvenir

The Pacific National Fire has sent out a 48-page booklet, plastic-bound in gold, embossed leatherette cover, to its



1805

In 1805, the Caledonian Insurance Company came into being. The story of its growth from small beginnings in Scotland into a British Institution with world-wide ramifications is a romance as inspiring as the history of the sea itself. The Company has seen the rise and fall of many institutions but shrewd and conservative finance allied to sound and efficient management has enabled the good ship "Caledonian" to weather all storms.

agents. It contains reproductions of 89 photographs showing the home and department offices, all the officers, department heads and field men. Enclosed with each book was a colorful greeting card in green and red with holly design. This was planned and produced under the personal direction of President F. N. Belgrano and Vice-president R. J. Mayle. The idea of the booklet is to show the Pacific National at work. Brief text outlines the company's history and describes the various pictures. In four divisions, it covers the new home offices at San Francisco, the eastern department at Philadelphia, western department at Chicago, southern California

department, Los Angeles. In addition, 14 service offices are listed.

Form New Boston Agency

BOSTON—A new agency, Kinkade & Co., has been formed here and will be associated with Field & Cowles. The new firm will be made up of S. B. Ames, formerly in charge of the brokerage department of Field & Cowles, and A. E. Kinkade, formerly of the marine department of the North America in the Field & Cowles office.

The Canadian Boiler & Machinery Association will hold its annual meeting in Montreal Jan. 10.



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1940

THE CALEDONIAN INSURANCE COMPANY

UNITED STATES OFFICE: HARTFORD, CONN.

ROBT. R. CLARK, UNITED STATES MANAGER

S. D. McCOMB & COMPANY, INCORPORATED

116 JOHN STREET, NEW YORK

UNITED STATES MARINE MANAGERS

Need More Dust Explosion Control

Satisfactory Progress Has Not Been Made Says Dr. Price

The most disastrous losses from dust explosions are occurring in terminal grain elevators and satisfactory progress has not been made in their control, according to Dr. D. J. Price, chief chemical engineering research division United States department of agriculture.

Speaking at a special meeting of the Chicago chapter of the Society of Grain Elevator Superintendents, Dr. Price stated that "much of this loss can be assigned to lack of provision for adequate dust control during handling, storing, and shipping operations."

The meeting was called by the society to consider dust explosion prevention in terminal grain elevators, with particular reference to the disastrous explosion and fire in the Rosenbaum and Norris Grain Company elevators in Chicago on May 11, 1939, when nine lives were lost, 30 men were injured, and the property loss exceeded \$3,500,000.

56 Explosions Since 1930

Dr. Price reported that since 1930, 56 dust explosions have occurred in grain elevators, causing the loss of 40 lives, injuries to 145 persons and property losses amounting to more than \$7,500,000. These explosions were almost 36 percent of the total number of dust explosions in industrial plants reported during the period, and in the opinion of Dr. Price "are a positive indication that more definite attention must be given to dust explosion prevention in grain elevators."

The federal engineer emphasized the importance of designing and installing adequate dust control and collection systems, and indicated that in many instances existing regulations which prohibit the application of air suction before weighing grain entering a terminal grain elevator prevent the elevator operator from providing adequate protection.

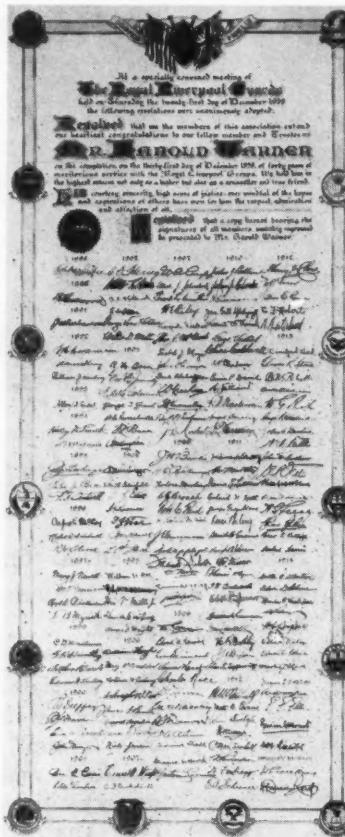
He said investigations have shown that many of the dust-collecting systems installed in grain elevators could not be used or were dismantled because of the objection of the officials having jurisdiction over the weighing of the grain. The weighing departments claimed that grain weights were greatly affected by the action of suction used in the collection of the dust.

Weight Almost Negligible

Report of tests conducted by a number of elevator operators, however, indicated that the weight of the dust removed was almost negligible, and some

Distinctive Plaque for Harold Warner from Guards

This is the plaque that was presented to Harold Warner, U. S. manager of Royal-Liverpool, by the Royal-Liverpool Guards, commemorating the fact



that Mr. Warner has completed 40 years in the service of the organization. The plaque carries the signature of the 175 members of the Guards. At the top of the plaque in the center is the crest and motto of the Guards and around the border are the crests of the 14 companies comprising the group, with Mr. Warner's title under each.

experienced grain-handling operators claimed that less weight was lost by suction than in handling grain by means of poor machinery, with no dust-collecting equipment.

Dr. Price showed that dust-collecting systems can be designed so that only the light, floating, explosive dust is removed, without any appreciable effect on grain weights. To prevent the pickup of solid grain an average air velocity at the intakes of properly designed suction hoods should be limited

Some Reminiscent Stories of Field Men of '80s

In the papers left by the late J. A. Kelsey of New York City, who was United States general agent of the Tokio and president of the Standard Fire of New York, there are many evidences of his field days. In the '80s Mr. Kelsey was traveling for the New York Underwriters. Field men had none of the conveniences of modern transportation. Frequently they had to resort to horse and buggy. In his expense accounts there are items showing expenses for livery indicating that special agents took infrequent trains wherever possible but at odd times they had to resort to the horse and buggy.

* * *

Back in the earlier days, the special agents adjusted fire losses large and small. One of Mr. Kelsey's most vivid recollections was when he undertook to settle a loss at Nashua, Ia., for the North America with the entire Methodist membership.

* * *

The old time field man carried map paper and made maps of each town where his company was represented.

* * *

One of Mr. Kelsey's favorite stories was about a cub special who was sent out, on his first trip, to secure an agent in a distant city. He had previously attended a convention of field men and seen or met a number of the company representatives covering this territory.

On his reaching the city, he was dumfounded to observe six other special agents, whom he had seen at the convention, alight from the same train. Rushing to the nearest telegraph office he wired his office:

"What shall I do? There are six special agents here ahead of me?"

The answer came back without delay—"Go on, you damn fool. There are six more behind you."

* * *

Back in the '80s, almost every one had a relative who worked for the railroads and was able to secure a pass. One day Mr. Kelsey was traveling to Indianapolis and the conductor started through the train. As one passenger after another produced a pass, the conductor assumed a more and more discouraged look. When he reached Mr. Kelsey who was seated in the rear of the car and also showed a pass, the conductor finally broke down. "Damn it, anyway," he exclaimed. "I wish I could get enough

to 500 feet per minute. Inspection traps can be installed in branch pipe lines at convenient locations, permitting determination by inspection whether or not solid grain is being carried away by the dust-removal system.

fares from this train to pay for the coal we burn!"

* * *

Mr. Kelsey was riding on the Vandalia Railroad one time with D. W. Burrows. Mr. Burrows was for many years a leading field man in Ohio, Iowa and Illinois for the North America under J. F. Downing, western general agent at Erie. He then established his own agency in Chicago which was consolidated to form Burrows, Marsh & McLean. Mr. Burrows sold out to his partners in 1907 and retired from business.

Mr. Burrows had a mileage book on the Vandalia which had expired. In those days the conductors were particularly adamant about expired mileage books. He also had an unexpired mileage book on the Wabash. When the conductor came through the train, he offered the Wabash book with his best absent-minded expression.

The conductor gave one look at the Wabash book and growled: "That book is no good here. You're on the wrong railroad. You'll have to get off the train." Mr. Burrows apologized, still with the absent-minded expression, and started fumbling through his pockets. After several minutes search, he produced the expired Vandalia book which the conductor accepted without question.

* * *

Mr. Kelsey's son, Allison P. Kelsey, is a local agent at Montclair, N. J., his agency being at 11 South Fullerton avenue. The son selected some of these anecdotes for publication.

NEWS BRIEFS

The annual meeting of the Insurance Board of St. Louis is to be held Jan. 16. The gathering is to be addressed by an outstanding insurance executive according to the tentative plans.

Carl S. Lawton, president and general manager of the Lawton-Byrne-Bruner Insurance Agency of St. Louis was taken to St. Luke's Hospital for a check up. He recently suffered an attack of pneumonia but had returned to his desk.

The closing date of the C. J. R. Coyle prize essay competition, open to students of the Insurance Institute of Montreal, is Feb. 28. Essays are to be on "Use and Occupancy Insurance" and "Automobile Insurance."

The Globe & Republic and the National Retailers Mutual of Chicago have been licensed in Quebec.

J. H. Buntin, Iowa state agent for Fire Association, has moved his Des Moines headquarters from the Insurance Exchange building to 406 Fleming building. L. A. White, state agent for Royal-Liverpool group, has moved from 812 to 512 in the Insurance Exchange building.

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History of Insurance Charts

Some of the Features of the Early Publications That Gave Financial Exhibits

By GEORGE A. WATSON

A company executive asked THE NATIONAL UNDERWRITER to ascertain when the first financial insurance charts were published. THE NATIONAL UNDERWRITER publishes the Argus Charts for both fire and casualty companies.

So far as search of all available records revealed, the first publication presenting essential data as to the financial strength of fire companies operating in the country, was the "Fire Insurance Index," issued by the Spectator Company, New York City, in 1868. This handy publication held the field exclusively until 1876, when the Rollins Publishing Company, of Chicago, brought forth its "Argus Chart." The "Insurance World" of Pittsburgh, entered the arena 12 months later, to be followed by the Coast Review Company of San Francisco in 1897. A chart in modified form was brought forth by T. & J. Slator, of New York in 1883; and in 1886 the Standard Publishing Co. of Boston, began issuance of the "Fire Insurance Tables." In 1893, the "Investigator" of Chicago, issued its "Fire Insurance Chart," the next to appear in the lists being R. W. Neal of San Francisco in 1908.

Study of Early Material

A study of the material presented in the charts of the earlier years is interesting; disclosing as it does the long list of companies then domiciled in various centers of the west and south, as well as in the east, that have since passed out of the picture, either through the medium of reinsurance, consolidation or liquidation; the inexorable law of "survival of the fittest" having taken a heavy toll. Just to list some of the fire companies of New York City whose financial statements appear in the charts of 1882, but are now faint memories, we record: American Exchange, Broadway, Citizens, Clinton, Empire City, Exchange, Farragut, Firemen's Trust, Franklin and Emporium, Greenwich, Guardian, Howard, Importers and Traders, Irving, Jefferson, Kings County, LaFayette, Long Island, Lorillard, Manufacturers & Builders, Mechanics, Mechanics and Traders, Montauk, Nassau, New York Bowery, Park, Peoples, Relief, Star, Sterling and the Tradesmens. Others, unable to keep the pace independently, merged with other institutions, and still others were taken over by more competent managements, and are still carrying-on.

Due to lax insurance laws and the gullibility of property-owners a half-century or more ago, "wild-cat" insurance companies flourished to such extent that the chart of the "Investigator" listed no less than 54 concerns of such

type, against which the public was warned. West Virginia appears to have been a particularly favored spot from which fraudulent fire companies conducted their operations, notable among the number of unworthies having alleged offices in the state being: the Adams, Berkley, Brunswick, Builders, Baltimore & Ohio, Commercial, Iron City, and the LaBelle, all long since

closed up either by the postal authorities or by state attorneys general.

Aside from the financial statements set forth, usually for five-year periods, charts of the earlier years gave the book value and the market value of the shares of each company, and likewise carried several pages for recording policy expiration data and other information of value to assured.

Moreover, study of the charts of a by-gone period with those of the present day, impresses one with the great advance made by the institution of fire insurance in the past half-century, and induces the speculation as to what the growth of the business may be when "Finis" shall have been written to 1999?

icy expiring at noon tomorrow might become liable for the earnings for a whole year to come should fire occur tonight. How are you going to compute any reporting premium on tonight's U. and O. value any more than you can report tonight on just which days it is going to rain or snow during the remaining 27 days of November.

* * *

Q.—Do the words "extent of the loss" mean the ratio of the loss or do they mean the dollars and cents loss?

A.—They mean the dollars and cents loss but both expressions mean the same thing anyway.

* * *

Q.—If fixed expenses are estimated at \$20,000, and net profit at \$10,000 and only \$20,000 insurance is carried and loss occurs what does the insurance pay?

A.—Two-thirds of the loss whatever it may be.

* * *

Q.—How do you handle a risk which is both manufacturing and mercantile? It sells some of its manufactured products to other dealers and sells the products of other manufacturers as well as its own products?

A.—The Western Actuarial Bureau prepared an endorsement for such risks several years ago and I am sure that they will furnish copies to anyone having such risks to place.

* * *

Q.—Have you ever paid losses under a sprinkler leakage U. & O. policy?

A.—The office with which I am most closely related, the North America, never paid any such loss.

McGruder to "Weekly Underwriter"

M. R. McGruder, associate editor of the "Insurance Field" for 10 years, recently stationed in Atlanta, has joined the staff of the "Weekly Underwriter" in charge of its southern department, with headquarters in Atlanta. A trained newspaper man, Mr. McGruder entered insurance journalism in 1926 as editor of the "Southern Underwriter," continuing in that post until he resigned to go with the "Insurance Field."

Marvin Brownlow, manager of the Underwriters Salvage Company of Chicago, and **R. R. Lippincott**, assistant manager of Western Adjustment, and Mrs. Lippincott are leaving Sunday for Palm Beach, Fla., for a stay of about a month.

Gilbert R. Ladd, Jr., has been admitted to membership in the general agency firm of Thames & Batre, Mobile, Ala.

Some agents "pick up" insurance, some sell it, others analyze the needs of the prospect and arrange for the proper coverage. — Cecil Cleavenger, Fort Smith, Ark.

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EDITORIAL COMMENT

Open Agitation for Federal Control

DISCLOSURE that members of the federal monopoly committee have been informally considering steps toward federal regulation of life insurance indicates that life insurance men were not just seeing bears under the bed when they predicted such a move early in the life insurance hearings. While no names are coupled with the story it seems inconceivable that the information hadn't the sanction of the TNEC's chairman, Senator O'MAHONEY of WYOMING, for he has for some time been agitating for "national charters for national business."

Furthermore, unlike the DIES committee, the TNEC has been pulling together quite well. The lone dissenter on many points in connection with the life insurance inquiry has been Senator KING of UTAH and the views expressed in this latest trial balloon are certainly not his. There is no one on the TNEC who would take it upon himself to speak for the committee along the lines indicated by the WASHINGTON dispatches without O'MAHONEY's consent. Any member sincerely interested in furthering the objectives outlined would be cooperating with O'MAHONEY and not trying to work independently of him. Consequently it may safely be assumed that O'MAHONEY is the one behind the recent revelations. The TNEC's chairman has had a week in which to deny the reports if they were erroneous but no denial has come from him.

Just who is with O'MAHONEY on this question is difficult to say. The TNEC is composed of three Senators, three Representatives, and six members representing departments of the federal government. He should have no trouble lining up the latter. But from the angle of getting any legislation passed, the congressional members of the committee are vastly more important. Senator BORAH collaborated with O'MA-

HONEY on a federal licensing bill some time back. Senator KING's views as he has expressed them do not jibe with any further encroachment of federal control. The three members of the house of representatives have expressed no opinions which throw much light on their probable attitude toward extending federal supervision to life insurance.

Thus, it appears quite likely that the report from WASHINGTON is solely a personal trial balloon of Senator O'MAHONEY with, of course, the support of the New Deal.

One important effect of the disclosure that federal supervision is being seriously considered by the TNEC is to blast any remnants of the quaint notion that the SECURITIES & EXCHANGE COMMISSION has been engaged in an "objective study" of the insurance business in the process of digging up material for the TNEC. The SEC has denied that it was pointing its investigation toward the attainment of any particular objective. It has ridiculed the idea that it has gone into its investigation with pre-conceived notions. It now becomes abundantly clear that the main objective has been to pave the way for federal supervision. Far from being an objective survey, the SEC's work has been distorted to fit this aim.

In this connection it is interesting to remember that when the SEC brought in the assistant actuary of the SOCIAL SECURITY BOARD to testify on the feasibility and cost of a nationwide \$250 burial insurance plan it was denied that this was anything more than a measuring stick for costs of industrial insurance and that there was no thought whatever of putting the federal government into the insurance business by actually promoting such a plan.

Suggestions from the Buyers

LAST year was particularly notable so far as conventions were concerned in that a number of very intelligent buyers of insurance appeared on programs and gave some excellent advice and made some very helpful observations. At the annual meeting of the AMERICAN ASSOCIATION OF UNIVERSITY TEACHERS OF INSURANCE, a speaker appeared who had made himself known before in his wholesome comment on insurance subjects, he being A. VAN COURT MILLER, chief accountant of the New York "Herald Tribune."

In this particular talk Mr. MILLER asserted that in his opinion insurance was too highly organized and its structure needed simplification. There are a

number of overlapping governing bodies and bureaus. He wondered whether the insurance business had not woven its own web of bureaucracy and become involved in it. He criticised insurance in that it has become too complex in the number of its boards, organizations, bureaus, groups, etc. He believes that the time has come to cut away much of this undergrowth and make desirable improvements in the functional machinery. Mr. MILLER takes the position that there are too many restricting rules and that this served to complicate the practical operation.

Along with his other comment he stated that there is always a place for

the general practitioner. He recommended a broad training for insurance salesmen. There is danger, he holds, in specialization being carried too far. Insurance buyers, he contends, always need a man who has a comprehensive view of the subject, is well informed as to the general phases of insurance and is in a position to see the picture of a

client in its entirety as regards his insurance needs.

Fortunately most of these policyholder speakers have given a glimpse of insurance that is practical and informative. There have been very few instances where there were carping critics, whose observations carried no practical value.

PERSONAL SIDE OF THE BUSINESS

R. L. Parsons, secretary of Northern of New York, who is practically retired from business after having been connected with the company since 1905, is living at Escanaba, Mich. Mrs. Parsons' old home is there and the Parsons family are in it, enjoying life very much. Mr. Parsons was formerly located in Chicago, where he was a prominent field man.

S. B. Komaiko, head of S. B. Komaiko & Co., Chicago, is now back at his desk following a three months illness with bursitis in his right arm and shoulder, which has greatly restricted its use.

H. L. Simpson, associate manager in the Pacific department of the Great American and Phoenix of Hartford groups, is at his home recuperating from a serious major operation. Despite the severity of the ailment and the operation he is reported to be recuperating rapidly.

E. A. Clark, secretary of Northern of London in charge of its eastern and southern divisions, has been confined to his home for some days as the result of an automobile accident in New York City. While painful, his injuries are not serious, and he expects to get back to the office soon.

A society event in New York last week was the supper dance given at the St. Regis Roof by **H. V. Smith**, president of Home, and Mrs. Smith, to introduce their daughter, Miss Emma Davidson Smith, and Miss Esther MacKenzie Wilcox, daughter of Westmore Wilcox, Jr., and Mrs. Wilcox. Both debutantes are members of the Junior Assembly and provisional members of the Junior League.

W. H. Harrison, Iowa state agent of National Fire and dean of Iowa field men, spent Christmas at Davenport with his mother, who will observe her 94th birthday shortly. Mr. Harrison's three sons, all in the insurance field in Chicago, spent the holidays with the family.

J. R. Vaughan, head of the Vaughan Insurance Agency, Waterloo, Ia., was confined to a hospital there, quarantined with a mild case of diphtheria, over the holidays. Mr. Vaughan is well known in Iowa insurance circles and was president of the Iowa Association of Insurance Agents in 1926-27.

W. W. Skinner, investment officer of the St. Paul Fire & Marine, spent the holidays with his son at Mount Tremblant, Que., where Mr. Skinner indulged in his favorite sport, skiing.

E. S. Freeman, veteran Iowa and Nebraska state agent of the Agricultural, is still confined to the Clarkson hospital at Omaha. Latest reports indicate he is not feeling much pain, but he is likely to be confined to the hospital for some

time and would like to hear from his friends. Many of the Iowa agents have visited him recently and the Iowa Blue Goose sent him flowers. He is chief of the Iowa Ashcota Tribe, an organization of veteran field men.

Arthur L. Smith, Chicago manager of D. F. Broderick, Inc., went to his former home in Arkansas for the holidays and is remaining in Arkansas and Texas for a time on a combination pleasure and business visit.

DEATHS

Fred Rupp, head of the Fred Rupp Agency at Elgin, Ill., died at his home there Saturday at the age of 63. The funeral services were held in the Apostolic Christian Church of Elgin.

W. F. Warner, 45, vice-president of Warner & Co., Fargo, N. D., agency, died from a heart attack.

Mrs. Emile Bienvenu of New Orleans, wife of the chief examiner of the Louisiana insurance department, died last week at the age of 51. Mr. Bienvenu was unable to attend the meeting of the National Association of Insurance Commissioners at Edgewater Park, Miss., owing to his wife's critical condition. He is head of an accounting service in New Orleans. Mrs. Bienvenu was Democratic national committeewoman for Louisiana, serving since 1932 when Senator Huey Long was Louisiana leader. She was prominent in New Orleans social circles.

H. J. Curtis, 90, who had served the Vermont Mutual Fire for over 50 years as a home office employee, died at his home in Montpelier, Vt. In later years he had been superintendent of the home office building.

Miss Bessie M. Pendleton, who had been associated with her brother, W. H. Pendleton, in his Kalamazoo, Mich., agency for more than 35 years, died after an illness of several weeks.

Lee J. Webb, 60, of the Beezley, Webb & Outland agency, a charter member of the Wichita Insurors in 1922 and its president in 1928 and 1929, died in a Wichita hospital from heart trouble. He had been prominent in Wichita agency affairs for nearly 20 years, until 1938 with the Blandin & Webb agency. Among the pallbearers at the funeral Monday in Wichita were State Agents W. F. Ehret of America Fore and J. A. Klingenberg of Phoenix of Hartford.

Calvin Baker, 70, for years a local agent at Connersville, Ind., died there.

The D. F. Broderick organization has opened Portland, Ore., headquarters at 1204 Yeon building.

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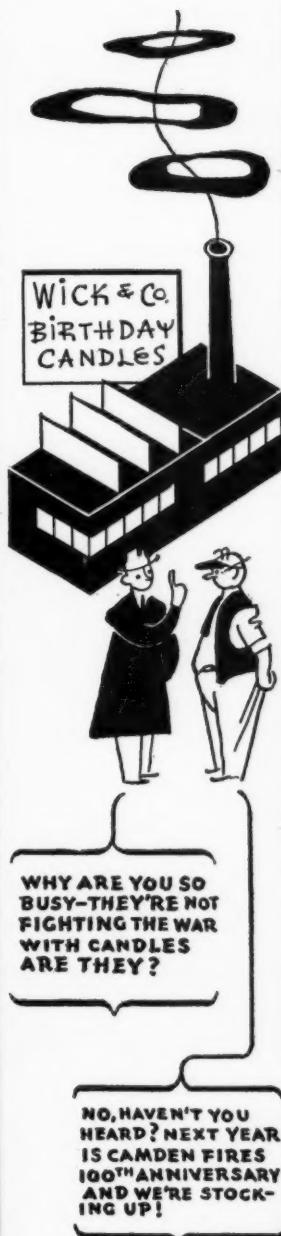
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According to

PHILBy Phil Braniff
Insurers Indemnity &
Insurance Co., Tulsa

A.D. 1841

Adv.
CAMDEN FIRE INSURANCE
ASSOCIATION, Camden, N.J.

Hello folks, here we are at Ups'n Downs broadcasting the race of the year . . . the 1940 Little Business Man's Handicap. The horses are just going to the post and pretty soon they'll be thundering down the year for the 12 furlong sprint. The track's fast and it looks like a good race. The entries are My Day, Pay Later, Try Again, Same Old Thing, Pessimism, Good Intentions, My Friends, Taxes, Profit, Worry, Loss, Procrastination and Optimism.

Profit, the Hope entry seems to be the favorite. Although there's been a lot of heavy betting on Optimism. The Hide Park stables have two starters in My Day, and My Friends, and there is a lot of late betting on them. They say that if My Friends ever gets loose he's hard to stop but Taxes can give him a good race. My Day isn't a serious contender.

Alright folks, they're at the post . . . there's the starter's flag . . . they're off! Good Intentions is out on top by a length . . . Profit is running second by a half-length . . . Optimism is third by a head . . . the rest of the horses are bunched . . . at the quarter . . . Good Intentions still leading by a head . . . Profit still second by a head . . . Taxes has moved into third place . . . Optimism is falling back . . . My Friends is coming up with Pay Later by his side . . . My Day is trailing the pack . . . they're at the half and beginning to scatter out. Profit and Loss are running neck 'n neck for first place . . . Optimism is third by a length . . . Good Intentions, Taxes and My Friends are bunched up in fourth place . . . there goes a horse and rider down . . . It's Good Intentions . . . he fell at the turn . . . the rider is getting up so it looks like nobody was hurt.

They're at the three-quarter turn now and Pessimism is coming up fast . . . Loss is running first . . . Profit right at his heels and Pessimism third by two lengths. Optimism has fallen way back and running even with My Friends . . . the rest of the horses are running far back. Into the stretch now . . . here they come . . . down the home stretch . . . Loss is out in front . . . Profit second by a head . . . Taxes up in third place and here comes a horse out of the pack . . . he's moving up fast, he's . . . Let's see . . . who is he . . . it's Same Old Thing . . . what a horse . . . there he goes into third place . . . Profit and Loss neck 'n neck for first place . . . Same Old Thing third, and Taxes fourth . . . and here's the finish . . . Same Old Thing wins! Profit just beat out Loss for second place . . . Taxes ran fourth . . . Pay Later, Worry, and Procrastination all got in the way of Optimism. Pessimism was a way back but finished the race. Wait . . . there's a horse going around again . . . it's My Friends . . . he won't quit running . . . here he comes, on around . . . there! . . . he bumped into Taxes and Pessimism . . . and stopped. What a race . . . what a day . . . what the . . !

—PHIL

Company Wins Suit in Automobile Lien Issue

The Texas court of civil appeals second supreme judicial district reverses the appeal from county court at law No. 1 Tarrant county in Springer et al vs. Home of New York. The defendant issued an insurance policy covering a car, the policy providing that the company was not liable for any loss or damage to the car while subject to any lien or encumbrance not authorized by the policy contract. When the policy was issued one of the payees held a mortgage lien on the car. Before the lien

Furnace Company Is Sued for Negligence

The Mississippi supreme court had a case, Grimes et al. vs. American Heating Company, the case being reversed and remanded. The heating company had a contract with the Leland consolidated school district to install a heating system in one of its buildings, and in the attempted performance of that contract, the plaintiffs claimed, the work was done in such a negligent manner that the building was destroyed by fire communicated, it was claimed, as the proximate result of the defective installation of the heating equipment. The insurance company paid the loss and thereupon sued the heating company under the subrogation clause in the policy after such right was assigned by the assured.

The heating company claimed that the school district had no authority to maintain a suit against the alleged tortfeasor and therefore could not assign anything to the insurance company. The legislature has not conferred upon the school authorities the power of capacity to sue a tortfeasor who has damaged or destroyed the school property by fire, but this does not foreclose the power to vest that authority and right in an insurance company which has paid the loss under a standard policy covering the destroyed property, the higher court holds.

A. Bruce Bielaski Is Recovering from Pneumonia

NEW YORK—The condition of A. Bruce Bielaski, head of the arson department of the National Board, who was stricken with pneumonia two weeks ago, showed improvement Wednesday and his recovery is now expected. He is at his home at Great Neck, L. I.

Corbett, Pearl Man, Goes With Rhode Island

W. D. Corbett, who recently resigned as executive special agent in western Pennsylvania for Pearl, will become associated with the Rhode Island, in what capacity has not been announced, although the assumption is it will be as a general agent.

had been completely paid off it was refinanced through the Morris Plan Bank and a few months later the car was damaged in a collision. The owner of the car sought to recover under the policy and the company denied liability on the ground of the provision heretofore named. The higher court held that there is no statute which operates to make such a provision invalid and that the policy was understood by the parties. Judgment in favor of the plaintiff is reversed and judgment entered for the defendant.

* * *

The Georgia court of appeals decides a case in Riley vs. Federal Insurance Company. The plaintiff brought this action to recover for damage to his car the defendant having insured it. In the policy the American Discount Company which purchased the installment notes whereby the purchase of the car was financed was named as payee as its interest might appear. When the car was damaged the defendant insurer settled with the mortgagor in an amount which the plaintiff claims is less than the actual damage. By so doing the insurer did not defeat plaintiff's right to recover on the policy, the court holds. If the jury should find that plaintiff's contention is correct although the amount of the actual loss might be less than the amount owed by him to the mortgagor the plaintiff would be entitled to recover the difference between the amount paid and the amount of the actual loss the higher court holds. Judgment for the plaintiff for \$50 is reversed.



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January 4, 1940

CASUALTY AND SURETY SECTION

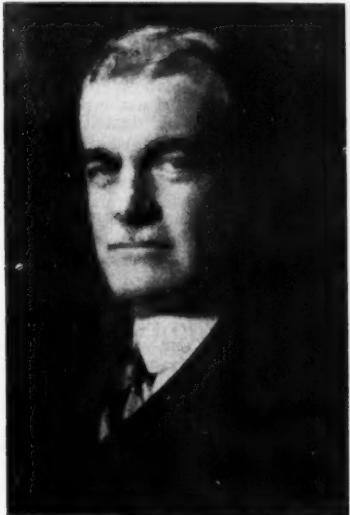
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Bissell Tells How to Bring About Happier New Year

President of Hartford Com- panies Sends a Practical Message to the Agents

R. M. Bissell, president of Hartford Fire and chairman Hartford Accident sent out an unusual New Year's greeting to agents through the "Hartford Agent." It said in part:

"This year, what with chaotic and dreadful war conditions abroad and with the prospect of unpredictable changes in our laws and form of government, as well as increased taxes, at home, many, perhaps most, people wonder how 1940 can possibly be a 'Happy New Year.'



R. M. BISSELL

"It will not be amiss therefore to try to set forth the method which I believe is the only one that will ensure future 'Happy New Years.' This end can be accomplished, not by wars which in the end, as we know only too well, benefit no one and as result of which liberty may be lost for many succeeding generations. It cannot be brought about by the passage of new laws—we have too many laws already, both national and state. The repeal and revision of many of our laws would help us to some extent toward the wished-for end. New and more productive machines and methods of industry will help, but only in a minor way. The increasingly rapid development of scientific knowledge is also only one helpful factor. Hard work, thrift and economy, both public and private, can do much for us but they do not give us our final answer. All of the things which I have listed are necessary but not one or even all of

How the SEC People Work Up Line of Inquiry

By ROBERT B. MITCHELL

WASHINGTON—So voluminous is the material which the Securities & Exchange Commission has presented to the Temporary National Economic Committee in the course of the insurance investigation, few realize how small it is in comparison with the amount of work that has preceded the actual presentation.

As with an iceberg, the amount that doesn't show is vastly greater than the amount that does.

Two Separate Investigations

Another angle that is not generally understood is that the insurance study and the investment banking study, also being conducted by the SEC for the TNEC, have no truck with each other. Each is as separate as if being conducted by two different governmental departments. During December, for example, the insurance hearings were going on before the TNEC insurance subcommittee while the full committee was hearing witnesses from J. P. Morgan & Co. and other prominent financial figures testify on investment banking practices.

Henderson Connecting Link

Commissioner Leon Henderson of the SEC, former executive secretary of the TNEC, constitutes a link between the studies, since they are both under his supervision. He was in constant attendance at the financial hearings, so much so that when the full committee turned to insurance he inadvertently addressed Gerhard Gesell, special counsel of the insurance study, as "Mr. Nehemkis," the latter being counsel for the investment banking inquiry.

Some of the insurance material that

them put together can satisfy the real necessity.

"I believe if we and our descendants are to have Happy New Years, they can be obtained in only one way, and that is by the creation of a new and nobler spirit within us—within each of us. Only by inducing men and women and by training and educating children to be finer, abler, more generous, more understanding and more just beings can this world be made over into a 'happy' place in which to live. The improvement of our own characters, the higher and finer development of the individuals who make up this world, is the essential and dominating factor which, with the use of our abilities to the best service and contentment of all, can be the decisive and effective means of remaking and remodeling the world as we know it and see it. No one individual can accomplish much in such a program but all of us acting together can make a fair start toward conditions which will truly be happy ones in which to live. We must not think only of 1940. At least a generation will be required to bring into being conditions which will allow a true civilization to exist—but we can begin now, each one of us, and 1940 will then be happier for us than if we do not."

has been presented has been based on questionnaires but in the main it is based on digging by a corps of field men, numbering from eight to a dozen, headed by H. A. Blomquist. Most of these men are lawyers, the only exceptions being a financial expert and an accountant.

The field men may work as a group, or divide into smaller groups, or work as individuals. At the Metropolitan Life and New York Life, for example, the entire group was on the job. Where a man works as an individual he may obtain reinforcements if it seems that he has come across a promising lead.

One reason why so much more ground is covered than is apparent from the material presented is that Gesell will not use material if he is not fully confident it will hold up. While he makes an occasional shot in the dark, practically all the admissions he attempts to get from witnesses he can get if he has to by putting a field man on the stand.

How the Picture Develops

A field man may work for several months on a single company, probably making several trips back to Washington to confer with Gesell and also with Blomquist, if he is there. These conferences are jammed with hard work and may last far into the night. Here Gesell and the field men work up their cases, deciding what should be followed up, or what should be discarded because it has already been unearthed in connection with another company.

While Gesell is the son of a Yale law school professor, a nephew of SEC Commissioner Matthews and said to be a protege of Justice W. O. Douglas of the U. S. Supreme Court and former SEC chairman, he has won the admiration of all those who work with him and even the respect of those whom he has examined as witnesses. He was under 30 at the time the survey began but nobody on either side of the fence has been disposed to sell him short either on account of his youth or his distinguished connections.

Suppressed Irrelevant Dirt

In fairness to Gesell and others on the insurance staff it should be recognized that they have suppressed considerable irrelevant dirt which would have made the picture of life insurance look blacker than they have painted it.

Working with Gesell and the field men are Ernest J. Howe, chief financial adviser, and Prof. Donald Davenport of Harvard, who prepared the questionnaires and work up studies from these and other sources.

Cleveland A. & H. Meeting Jan. 10

CLEVELAND—The Cleveland Accident & Health Association will meet Jan. 10 for a general business session at which plans for 1940 will be discussed. H. H. Hoard, National Casualty, is the new association president.

New Forgery Bond Covers Banks Doing Finance Business

Covers Paper Used in Financing, Wide Field Available

NEW YORK—The Surety Association of America has issued a new lenders form of bankers forgery bond covering lending institutions against forgery and alteration of finance paper. The Towner Rating Bureau has added a new page to the forgery section of the manual, FOR-7, showing rates for the new policies. Most of the paper covered by the new bond has not been protected by other contracts, since the forgery section of a bankers blanket bond covers checks and similar instruments principally and form No. 3 of the securities blanket bond covers mainly portfolio securities.

The new lenders form bond may be written for national, state and Morris Plan banks, trust companies and industrial banking institutions. Minimum bond is \$5,000. It may be written with full coverage or with deductibles of from \$50 to \$250.

Instruments Covered

The bond covers loss from extending credit, giving value or assuming liability on the face of any specified instrument which has been raised or otherwise altered or upon which the signature of any drawer, maker, issuer, endorser, surety or guarantor has been forged. The instruments covered are warehouse receipts, bills of lading, assignments of accounts receivable, chattel mortgages, real estate mortgages, conditional or retail sales contracts, trust agreements, lease agreements and similar instruments covering or purporting to cover personal property promissory notes and similar obligations for the payment of money and assignments of them. It does not cover promissory notes issued for use as currency, or coupon or registered promissory notes similar in form to government or corporation bonds, or any coupon detached from these notes.

Forgery by directors, partners, employees and officers is excluded. Forgery by employees and officers is covered by fidelity bonds and by the fidelity section of bankers blanket bonds. Counterfeit money or currency is excluded. The assured has 12 months after termination of the bond to discover any losses occurring while the bond was in force. In the event of loss, the bond is automatically reinstated as to future losses, but not as to losses which have occurred previously but are discovered later.

Rates Based on Loan Amounts

The rate schedule of the Towner Rating Bureau provides for a flat premium for the first \$5,000 of insurance, depending upon the total amount of loans

(CONTINUED ON PAGE 24)

Branch Is Opened to Serve Chicago

Illinois Truckers Act Administration to Start Functioning Soon

Branches to facilitate administration of the recently enacted Illinois truckers act are now being opened, F. Lynden Smith, director of public works and buildings, advises.

In Chicago a branch office has been opened at 10 North Clark street. L. M. Long of Sandwich, Ill., is chief examiner, and E. M. Solomon of Chicago, supervisor and Mr. Long's assistant. Mr. Long is an attorney and former congressman at large. Mr. Solomon was formerly assistant corporation counsel for Chicago and for several years chief examiner of the Illinois Commerce Commission.

Branches are also being operated in connection with the state highway police at headquarters in Elgin, Sterling, Harvey, Joliet, Pontiac, Rock Island, Peoria, Champaign, East St. Louis, Effingham and Du Quoin. Service will also be available in county seat towns of the state on certain days of each week.

The central office of the motor carriers division for the truckers act has been established in the Ridgely Farmers Bank Building, Springfield, Ill., with F. W. Lewis, former state senator from Robinson, Ill., in charge.

Cautions Against Compliance Haste

Director Smith has cautioned against undue haste in complying with the act, reminding all for hire carriers that the machinery will be set up to take care of their needs in accordance with state regulation.

"There is no reason why trucking operators should not bide their time instead of being argued into a position of haste in making plans to comply with the new state regulations," declared Mr. Smith.

"The law does not go into effect until March 1, 1940, and no redress so far as state operation is concerned will be sought, if the applicant waits until offices are set up and organized before filing."

"The truck division is passing on applications of the inspection station where trucks will be tested for their mechanical condition and that is another good reason for not being stamped into hasty action. It is a fact that no truck will be licensed until it has successfully passed the safety test."

Open in Few Weeks

It is expected that the testing stations will be set up within the next two or three weeks and that applications will be accepted statewide.

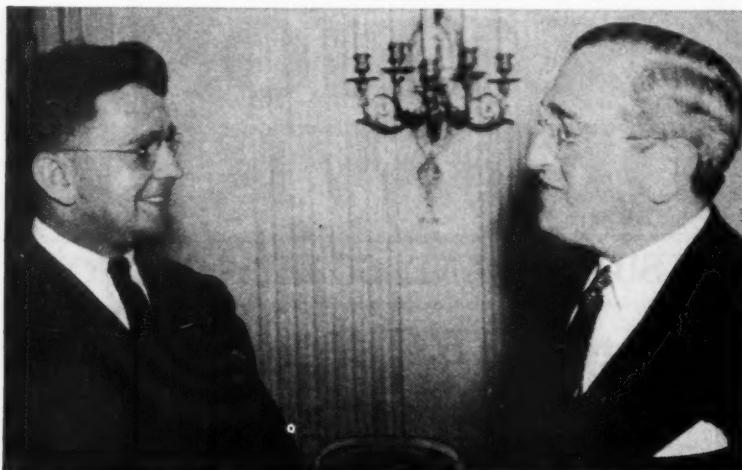
Each of the branch offices outside of Chicago and Springfield will be manned by a supervisor and an assistant, in addition to a stenographer.

Complaints as to administration of the act and other pertinent matters will be heard by a board composed of J. L. McLaughlin of Sullivan, Ill.; C. C. Taylor, Bloomington, Ill., and Mr. Long. Decisions of this board are subject to review by the courts.

Momsen Gets 4-Year Sentence

Federal Judge Duffy of Milwaukee has sentenced J. B. Momsen to four years in the penitentiary. Momsen, who was president of the notorious Associated Adjusters, Inc., of Milwaukee, was convicted and found guilty by the jury on 37 counts of using the mail to defraud.

President T. J. Falvey of the Massachusetts Bonding was host to about 800 employees of the home office at the annual dinner. Llewellyn Crossman of the legal staff was in charge of a group of 50 employees who staged a minstrel show.



L. J. Ackerman, University of Newark, who discussed Dr. Hans Heymann's paper on property life insurance at the annual meeting of the American Association of University Teachers of Insurance in Philadelphia, and Irvin Bendiner, Philadelphia attorney and business and estate expert, who discussed the paper of Paul Taylor, deputy superintendent New York department, on savings bank life insurance.

National Surety Features Need for Expert Service

The National Surety is creating much comment with its series of advertisements featuring the need for expert insurance service. The first advertisement has a man saying to a judge: "I paid \$2 for this legal handbook; I'll be my own lawyer." The text develops the old legal proverb that "the man who is his own lawyer has a fool for a client." An analogy between the professional services rendered by the attorney and those rendered by an expert insurance agent is presented. The advertisement was printed in financial publications as well as in the insurance press.

The next advertisement addressed to the medical profession shows a man in distress buying a medical handbook, "Every Man His Own Doctor," to see if he has appendicitis. The copy points out the disastrous results of self-diagnosis and then develops the analogy between professional services rendered by an expert agent and the physician or surgeon.

The underlying theme of the series is the importance of the middle man to the American way of business and the community of interest which exists between the agent or broker and other independent business men. The advertising was prepared by the Averell Broughton Advertising Agency, New York.

Smrha Studies Bank Robbery Rates

LINCOLN, NEB.—Insurance Director Smrha is making a study of rates charged banks for robbery and theft. Bankers complain that in spite of a reduction made two years ago the rates remain too high, when the small losses from bank robberies for the last five years are considered in relation to rates charged when robberies were frequent. The companies take the position that heavy losses in the era of bank robberies were so heavy that the business was unprofitable, and that the present rates should remain in force until they have recouped those losses.

Spottke Slated in Hartford

A. E. Spottke, manager of the automobile division of the National Bureau of Casualty & Surety Underwriters, will deliver an address before the Insurance Institute of Hartford Jan. 4 on "The Manual of Automobile Insurance-Rates." The vice-president of the Institute, L. Coates Coit, Century Indemnity, will preside.

H. H. Huddleston, supervisor of the northern zone for Provident Life & Accident, has recovered from an operation and is able to leave the Cleveland Clinic.

N. Y. Commercial Car Rates Cut 9%

NEW YORK—Commercial automobile owners in New York will save approximately \$1,025,000 this year on their P. L. and P. D. under newly revised rates announced by Superintendent Pink. The new rates became effective Dec. 31, and are retroactive on an optional basis to policies written and put into force since Nov. 1.

Substantial reductions in rates are found in most of the territories, but in a few there are increases. In Rochester, P. D. rates are increased. P. L. are unchanged. In Rome the rates for both P. D. and P. L. are increased. Suffolk county rates for P. D. coverage were not changed, but for P. L. the rates were raised. In Binghamton and the northern counties the P. D. rates are slightly increased, but P. L. rates were reduced.

The reduction in rates for P. L. and P. D. for all classes of commercial cars, except long-haul trucks, in the entire state averages 9 percent.

To give a few examples, the new P.L. rates for heavy class 4 cars in Manhattan, Bronx and Brooklyn are \$166, as compared with the old rate of \$200. The new rates for medium weight are \$135, as compared with \$163 and for light, the new rate is \$92, as compared with \$111.

In Syracuse, the corresponding figures are \$115 and \$128; \$79 and \$88; \$53 and \$59; Albany, Troy, \$113 and \$124; \$77 and \$84; \$52 and \$57. Buffalo, \$97 and \$104, \$67 and \$72; \$45 and \$48.

Incidental Use of Truck Held Covered in Mass.

The supreme judicial court of Massachusetts in the case of Pierce Brothers vs. Lumbermen's Mutual Casualty Company held that a truck being used to transport a group of National Guardsmen on Sunday was covered under the automobile liability policy when insured under the commercial classification. In sustaining the verdict of the lower court against Lumbermen's Mutual Casualty, which had maintained that this transportation was not "commercial use," the supreme court held that the description of use in the policy should be taken to mean only the "regular and dominant use" and "not to specify the only use for which the truck might possibly be required."

May Be Significant Case

This case may be significant outside of Massachusetts in connection with the old national standard automobile liability policy. The original standard contract, which became effective Jan. 1, 1936, described commercial use as use in the business of the assured and contained no provision for occasional pleasure use or occasional use outside of the named assured's business. Prior to the publication of the revised standard policy last May, there was much speculation as to whether occasional use of this type would be covered. The revised policy specifically permits occasional pleasure use and use for other business purposes. The new policy, however, excludes liability to any person riding in an automobile rated as commercial if more than eight persons are in the automobile at the time of the accident and the truck is being used for purposes other than the business of the named assured. Accordingly, this accident might not have been covered under the revised national standard policy, but the holding may be significant in other cases which may arise under the old form. The policy involved in this case was the statutory policy prescribed under the Massachusetts compulsory automobile insurance law.

J. L. Lettau, who has represented Massachusetts Casualty in Youngstown, O., has been appointed executive secretary of Mayor Spagnola of that city.

F. Wiley Ball, Oklahoma City local agent, was named general chairman at the annual meeting of the Community Fund.

Defer Action on Safe Driver Commission

Several Companies Find Many Agents Do Not Favor a Change

NEW YORK—The Bureau companies have deferred taking final action on the proposal to revise the basis for paying commissions on automobile insurance under the safe driver reward plan.

Substantial sentiment had developed in favor of paying the full commission upon the initial premium and then charging the agent with return commissions on the safe driver reward. A good many of the companies, for a time, felt that there was a strong demand for such a change on the part of the agency force, but after making closer inquiry, some of the companies became doubtful about the real field viewpoint. Some of the general agents, as a matter of fact, are very much opposed to changing the arrangement. They feel that they would be likely to suffer loss on account of subagents or brokers, who could not be reached when the time came to make return commissions.

This, theoretically, would be true, especially with brokers or subagents who might place just three or four policies with a general agent during the year. Under the circumstances, the company might be inclined to forgive the general agent his liability for return commissions and thus a competitive situation would be engendered.

Minute Difference in Dollars

Some of the companies have come to the conclusion that the minute difference in dollar commissions as between the present system and the suggested basis is not enough to influence an agent one way or another. Some of the companies, it is understood, made an actual test, by offering to compensate agents on the suggested basis but have been able to make no appointments, with that inducement.

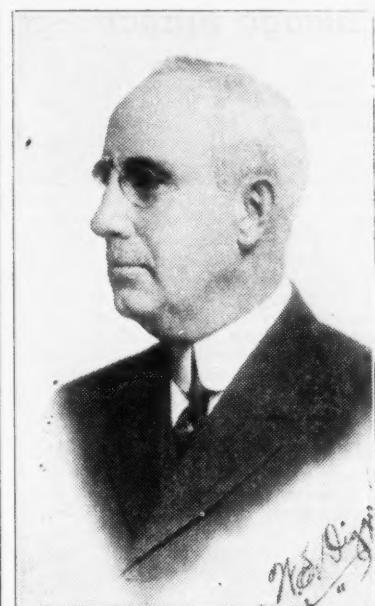
Some of the company executives believe that those agents who are representing non-bureau companies for automobile lines are principally held by the fact that they are not confident of their ability to take up the bureau plan in competition with those who say: "We insure nothing but safe drivers and we give you your discount in advance."

Hartford Steam Boiler's Inspectors in West Meet

Inspectors, special agents and other members of the engineering department of the Hartford Steam Boiler in mid-western states, will gather at the La Salle hotel, Chicago, for the two-day annual get-together Jan. 11-12. About 70 are expected to attend, including three home office men. Dale F. Reese, vice-president in charge of engineering department, will preside. John M. Gorham, assistant to the vice-president, and T. B. Richardson, chief engineer of the turbine division, also will be on the program.

P. M. Murray, manager, and C. W. Zimmer, chief inspector, of the Chicago department, will welcome the visitors. A number of instructive papers on boiler subjects will be presented by the home office men, members of the Chicago department staff and others, and there will be discussions.

Prominent Pittsburgh Veteran Dies at Age 77



WILLIAM S. DIGGS

William S. Diggs, who was a prominent insurance man in Pittsburgh for many years, and prior to that had taken a leading part in insurance affairs in Ohio, died at a hospital in Akron, O. He had been incapacitated for the past two or three years as the result of a fall in his home.

Mr. Diggs was born in Cincinnati, Feb. 10, 1862. He worked his way through Eastern Indiana Normal School by selling life insurance. While teaching, he studied law and for 10 years practiced law at Winchester, Ind., where he was elected mayor at the age of 27. He became interested in insurance while serving as attorney for insurance companies and he entered the agency business in Cincinnati.

When Ohio first began to consider a monopolistic state fund for the writing of compensation insurance, Mr. Diggs became active in the organization of the Insurance Federation of Ohio. He served as president of that organization.

Mr. Diggs went to Pittsburgh in 1915 and with the late Frank M. Hoover founded Hoover & Diggs Company, which became one of the leading agencies in the state. He became the first president of the Insurance Federation in Pennsylvania and he served two terms as president of the Insurance Federation of America. He served four terms as a director of the Pennsylvania Insurance Agents Association. He was a director in the Zoar Home for Children, director of Goodwill Industries, Inc., and a director of the Methodist Episcopal Church Union. He was an active lay member of the Methodist Church of Mt. Lebanon, Pa.

Mr. Diggs served during the administration of Governor Pinchot as assistant manager of the Pennsylvania state workmen's compensation fund.

Mr. Diggs was in frequent demand as a speaker. He developed a very popular talk, consisting of anecdotes about his friend and one-time neighbor, James Whitcomb Riley.

Hammond Conducts Cal. Course

Harold F. Hammond, traffic division director of the National Conservation Bureau, will conduct a course in traffic engineering at the Pacific Coast traffic officers training school at the University of California, Jan. 8-20.

While in California Mr. Hammond plans to visit a number of insurance company officials in San Francisco and Los Angeles and state and city officials in Sacramento.

Aviation Reinsurers Eye Peril of Sabotage

By ROBERT B. MITCHELL

Sabotage is the potential sour note in the swelling crescendo of premium volume that the European war is bringing to aviation reinsurers. So far the sabotage artist is just a concealed bazooka player, biding his time, not bothering anybody. But everybody knows he's there, waiting to cut loose.

When—and if—he does, the reinsurers will be hit proportionately harder than the direct writers because the saboteur's targets are high-priced military planes which, pound for pound, are much more expensive than commercial jobs. Furthermore, the favorite target of sabotage is the experimental military ship, and this of course represents a far higher value than the same model after it is in production.

Look Like Accidents

The fact that the experimental military ship is so sought after by enemy agents is bad enough but the manner in which—for strategic reasons—their attacks are made gives the reinsurer an additional headache. The saboteur is not interested merely in destroying a valuable experimental ship and thus setting the enemy back weeks or months in their progress in developing a new and deadlier war instrument. If he does his job most effectively he not only does all this but also makes it appear that the failure of the ship on its test flights might have been due to some fault in design or specifications.

Thus, a well done sabotage job not only wrecks the plane but beclouds the minds of designers and builders with doubts as to the soundness of their work. Perhaps the plane that was ruined embodied some new development, potentially of terrific effectiveness but whose effectiveness from a practical standpoint could only be determined in the grueling laboratory of test flying. Did the new design feature wreck the plane? Or was it sabotage? Planes are tested to the last ounce of their strength, so it might have been either. Sabotage may be suspected but if the job was cleverly done designers and builders can't safely blame it on sabotage but must assume there was a structural failure and go back and retrace their steps on the basis of that assumption.

Can't Classify Loss

If that is headache for the aircraft people it is also one for the insurers and the reinsurers, particularly those on an excess of loss basis. They are baffled, unable to tell whether it is just a regular test flying accident—and there are plenty of them—or whether it is a sign that sabotage artists have finally perfected a means of getting through the extremely tight defenses that have been erected against them. So far there have been only a very few cases where even the possibility of sabotage could be suspected. But if you get thinking enough about even the most innocent looking accidents you are apt to end up suspecting that the more unlikely they look the greater evidence it is of the dastardly cleverness of foreign operators in covering their tracks and making the accident look genuinely accidental.

The fact that a factory might be making war planes only for the United States government is no guarantee that it might not be attacked by saboteurs, as many of the ships developed for the Army or Navy have been sold to belligerents, if the designs involved no military secrets. Only recently the U. S. Navy relinquished its claim on a batch of planes being built for it so that Finland could obtain them at the earliest possible moment for defense against Russia.

On the bright side is the fact that all aircraft factories which are building military planes for foreign powers are also building either production or experimental ships for the United States government. This means that these plants are extremely well guarded. Even a couple of years ago it began to be hard to get into these factories.

While a perfect score for an enemy agent consists in causing an experimental plane to crash on a test flight and making the crash look as if some engineer had let his slide rule slip, there are other forms of effective sabotage, such as mysterious accidents in plane factories. Here again, of course, the "accident" would be just so much more effective if it can be made to look like a real accident. It would also be just that much more effective in bringing on gray hairs among the underwriters.

Excess Coverage Not Liked

Aviation reinsurance has not proved popular among domestic professional reinsurers. With so many direct-writing companies lined up in the three aviation underwriting pools there is little need for outside reinsurance, since each of the member companies may have its regular reinsurance treaties extended to cover a share of its aviation business.

Consequently, with such large limits available in the pools, there is not much demand for reinsurance except on an excess basis on the biggest risks which have proved themselves heavy loss-producers with unwelcome frequency.

The basic difficulty with aviation reinsurance is the extremely wide disparity in values from the smaller units to the largest. For example, one manufacturer built 1,800 planes with an aggregate selling price of about \$2,880,000. Another builder wants to insure a single ship for \$750,000.

The range of values from the lowest to the highest is from about \$1,100 to three-quarters of a million. Yet in the first 10 months of this year only about 300 of the net increase of 2,195 planes certificated were valued at more than \$2,500. But it might well be that the 300 above the \$2,500 mark had a greater aggregate dollar value than the entire remaining 1,800-odd.

Higher Limits Retained

Professional reinsurers who sell aviation reinsurance on an excess basis don't get a look at the 1,800 or so that sold below \$2,500 and a chance at only a few of those selling for \$2,500 and up. Furthermore, as premium volume has increased with the growth of aviation—and every branch has progressed this year—member companies in the pools have been willing to take higher limits than formerly, leaving still less for the excess underwriter.

As to liability much the same situation prevails. Most planes selling for less than \$2,500 can carry only one person in addition to the pilot. Very likely the plane weighs less than 1,300 pounds with full load. But with the ships selling for upwards of \$2,500 the passenger capacity may run from three to 21, plus a crew of as many as three. Weights may run to 16 tons. The disparity in the amount of claims that could arise from the biggest planes as contrasted with the light planes is enormous. Yet, because of the large capacity of the direct-writing pools, whose members are of course on a quota share basis, only the very largest ships call for reinsurance outside of normal treaty facilities.

Because so small a percentage of this business is offered to them, even on an excess basis, domestic professional re-

(CONTINUED ON PAGE 24)

U. S. Tax Unit Is After Back Taxes on Lloyds Bonds

The internal revenue department of the federal government has discovered that the 1926 premium tax of 3 percent on foreign corporations and individuals doing business in the United States without authorization by the states applies to fidelity, forgery, and other similar types of coverage as well as to "property insurance." The internal revenue department is collecting the 3 percent tax from insured for five years back, beyond which it cannot go because of the statute of limitations.

A good many banks and financial institutions in this country carry—and have carried for several years—Lloyds banker's blanket bonds. Some such institutions in the east have paid the tax; others over the country are being asked for it, without penalties.

Provisions of 1926 Law

The 1926 premium tax law specifically mentions various forms of property insurance, such as fire, windstorm, hail, riot and civil commotion, etc., and Lloyds has been including payment of the 3 percent tax on policies covering "property." The internal revenue department holds that currency, bonds, etc., constitute "property." Anyway, the law says the tax shall apply to "each policy of insurance," without specifying kind of insurance.

Lloyds have indicated they will not pay the tax. The law provides the tax is payable by "broker or insured." Brokers, working on a narrow margin on the policies, aren't interested in assuming the obligation. Insured are paying it. The question of the 3 percent probably will come up when the policies are renewable.

At one time early in the 1930's the American Bankers Association sought to get the approval of the internal revenue department to segregate the premium as to coverage as a specification in the policy. That is, if 2 percent of the premium was used for fire protection, then that should be so indicated in the policy, along with other apportionments. But the department turned down the suggestion. Apparently the department regards the 1926 law broad enough to cover all forms of insurance.

The Ohio department has licensed the **Mellon Indemnity** of Pittsburgh and the **Portsmouth Hospitalization Service** of Portsmouth, O., to carry on business in Ohio.

Safety Measures in the Home Needed

SYRACUSE, N. Y.—With accidental deaths in homes now exceeding even traffic fatalities, J. H. Harvey, managing director National Conservation Bureau, declared that preventive measures which are stopping accidents in other phases of safety work must now be applied intensively to the elimination of home hazards.

He used the vast progress that has been made in stopping occupational fatalities to demonstrate the need for bringing similar measures to bear upon fatal accidents in the home. He strongly urged that all workers bring to the home environment the safety lessons they learn in the factories.

Industrial Accident Policy

Imperial Life of Asheville, N. C., is now issuing a new general accident industrial policy, the standard weekly premium for which is 10 cents a week. The accidental death benefit provision is \$1,000 the first policy year, \$1,050 the second policy year and \$1,100 thereafter. The increased death benefit was made possible by eliminating the loss of eye, hand or foot clause. Regardless of age, white or colored, from birth to 65, the premium is standard at 10 cents weekly. Imperial Life continues to issue its former 5 cent accident policy.

J. V. Addy Made Assistant

DES MOINES, IA.—J. V. Addy has been named assistant manager in the casualty department of the Des Moines branch of the Travelers. He joined the organization in July, 1929, starting in the cashier's department and then going to Oklahoma City, Peoria and Philadelphia as an underwriter. He later was transferred to the home office as a traveling auditor. He returned to the Des Moines department as assistant general cashier and two years later was transferred to the casualty department as a field assistant.

Earl J. Hood of the Toledo, O., office of the Travelers has averaged a policy a day for eight years. Mr. Hood in 1939 qualified for the Accident Producers Club for the eighth consecutive year, and also for the Life & Accident Application Club.

An agent's earnings are closely related to his ability to explain insurance in simple words so that the listener always understands exactly what he means.

Dearborn National, Great Lakes Open Chicago Branch

Dearborn National and Great Lakes Casualty, the Detroit companies that are operated by D. F. Broderick, opened a joint branch office in Chicago this week at 860 Insurance Exchange. This office is adjacent to the Chicago headquarters of D. F. Broderick, Inc. Robert M. Perce is the manager.

Mr. Perce for the past eight years has been with the Chicago office of Starkweather & Shepley as assistant manager of the casualty branch. He went with Starkweather & Shepley shortly after graduating from Lake Forest University. He has familiarized himself with various other operations in addition to his specialty and hence is equipped to handle the multiple line requirements of his new position.

Dearborn National has been entered in Illinois but it has not heretofore worked in Chicago. It will be a subscribing member only of the Chicago Board.

Great Lakes Casualty has been operating in Chicago right along through general agents. There has been no branch in the city.

The Broderick organization is expanding the operations of both these companies. Recently an important office was opened in the Pacific Northwest.

White, Cresse with Zurich in N. Y.

K. P. White and F. H. Cresse have joined the organization of Minner & Barnett, New York metropolitan managers of Zurich and American Guarantee & Liability. Mr. White who has been fidelity superintendent in the metropolitan department of Globe Indemnity, is in charge of bond lines. Mr. Cresse who has been in charge of boiler and machinery in the New York metropolitan department of Globe, takes charge of boiler and machinery lines.

Strengthen Cleveland Association

CLEVELAND—The Cleveland Association of Casualty Underwriters is perfecting a new and stronger organization. Following discussion at the December meeting, a new set of regulations has been submitted to members for their consideration. Under the new organization there would be an effective code. Membership would be open to both bureau and non-bureau companies but not to participating companies. In the past

it has been more of a social organization.

Aetna Casualty Advances Four in New York Office

Four new assistant general managers have been appointed in the New York office of Aetna Casualty. They are:

E. H. Mathews, who is manager of casualty underwriting and has been in the New York office 26 years.

C. T. Spaulding, who is manager of the agency and brokerage department and has been with Aetna Casualty 17 years.

H. F. O'Malley, who is manager of the fidelity and surety department, and has been with Aetna Casualty 15 years.

W. A. Riordan, who is manager of the local and suburban fire departments, and has been with the organization 13 years.

Home Office Men Welcome Suggestions from Agents

NEW YORK—Home office accident underwriters devote considerable time to explaining to agents the reasons why various suggested policy forms can not be written, or why certain forms have been discontinued. Conscientious underwriters who feel the responsibility to maintain good field relationships do not abruptly declare the proposals impracticable, but instead analyze the matter step by step, showing the insurance reasons which render the proposition too hazardous. Most company men are open to suggestions from the field, for they realize these may reflect trends in the field and also may signify the desires of insurance buyers. Frequently the agents' suggestions form an excellent basis for a contract build-up.

However, home office underwriters get a perspective which agents do not have. They see the insurance picture as a whole. They deal in facts which are derived from experience, and it is their job to analyze all data and draw the correct conclusions. They cannot base their action on rumors or personal desires. However much they may want to assist the agents in the selling job, they must first consider the company's safety.

New companies in the accident and health field frequently will issue types of contract that contain features which appear to be novel and attractive, and old established institutions are asked by their agents why they will not write the same coverages. In the great majority of such cases, seasoned underwriters point out, the so-called "novel features" are not at all new, but were written in earlier days, found unprofitable, and abandoned.

Ingenious Theory Unsuccessful

In *Ritchie vs. Standard Surety & Casualty* an ingenious theory was unsuccessfully advanced in an attempt to circumvent the clause in an accident policy limiting benefits to injuries sustained within the limits of the United States or Canada. The decision was rendered by the New York supreme court, appellate division, 3rd department. The insured, Annabella Ritchie, was killed in a train wreck in Scotland and the beneficiary sued on the policy contending that Standard Surety & Casualty did not intend the word "injuries" to cover death and that the policy was ambiguous. The court held that there was no ambiguity in the policy and recovery was denied since the injuries which resulted in death were not incurred within the United States or Canada.

Frank P. Lawton, rater in the compensation division of the Wisconsin department, died at his home in Portage at the age of 54. Mr. Lawton was for 22 years a railroad conductor. He was secretary of the Wisconsin Compensation Insurance Board from 1925 to 1927, and again became connected with the insurance department in 1932, which position he held at the time of his death.

A MARKET PLACE FOR CASUALTY INSURANCE

ANCHOR CASUALTY COMPANY

SAINT, PAUL MINNESOTA

LATE FIRE NEWS

C. W. Fletcher Head of Mountain Club

DENVER—C. W. Fletcher, Hartford Fire, is elected president of the Mountain Field Club. He succeeds S. B. McAllister, Daly Agency, who was presented with a handsome shotgun in appreciation of the service rendered the business. This presentation was made by the business as a whole—not just the club. Other new officers elected are: H. V. Maltby, Crum & Forster, vice-president, and Preston Heath, Scottish U. & N., secretary-treasurer. The two new members of the governing committee are: J. L. Brown, Braerton-Simonton-Brown, general agents, and Ernest Minner, Aetna Fire. George Firestone, New Hampshire, is the holdover member.

Reports were given by the governing, inland marine, loss, automobile, agency advisory, forms and rules and fire prevention committees. The agency advisory committee had the most successful year in its history, the report showed. The report of the fire prevention committee brought out the fact that a successful campaign was held at Del Norte, Col., a campaign which was instrumental in getting across a bond issue for a much-needed new school.

New Dwelling Schedules

DENVER—The Mountain States Inspection Bureau has issued new dwelling schedules for Colorado and New Mexico. The new Colorado schedule clarifies new rates which went into effect Nov. 1, the principal change here being the new rates for private garages and outbuildings and certain charges and credits as applying to seasonal dwelling property. The New Mexico schedule is practically the same as that of Colorado with the exception of the level of rates. The present revision brings the New Mexico schedule up to date, the last previous schedule having been published in April 1927. Various changes have been made in the years since.

Morrison & Kountze Move

OMAHA—Morrison & Kountze, general agents, have removed their offices from the Brandeis Theatre building to the Baird building, 17th and Douglas streets.

Earl Grabfelder, Louisville local agent, has been elected commander of the Jewish War Veterans, Post 179.

Edward E. Cureton, fire chief of Owensboro, Ky., for 30 years, has retired. He is succeeded by Frank L. Taylor, formerly assistant chief.

Andrew J. Owens, Sr., Louisville local agent, died at his home.

Would Reach Ky. Non-Insured

LOUISVILLE—Some method of compulsory protection for employees of

Heads New A. & H. Unit of United States Life

A. J. Mountrey, who has taken charge of the recently organized accident and health department of United States Life, was formerly with Standard Surety & Casualty in charge of the accident department. Before that he was with Ocean Accident. He has been in the A. & H. field 25 years. At one time he was secretary of the National Accident & Health Association.



A. J. MOUNTREY

concerns not operating under Kentucky's compensation act, is expected to be sought during the present session of the Kentucky legislature. Demand for such protection arose among labor leaders after 28 lives were lost in a coal mine explosion last summer and the mine was not financially able to compensate the widows and orphans.

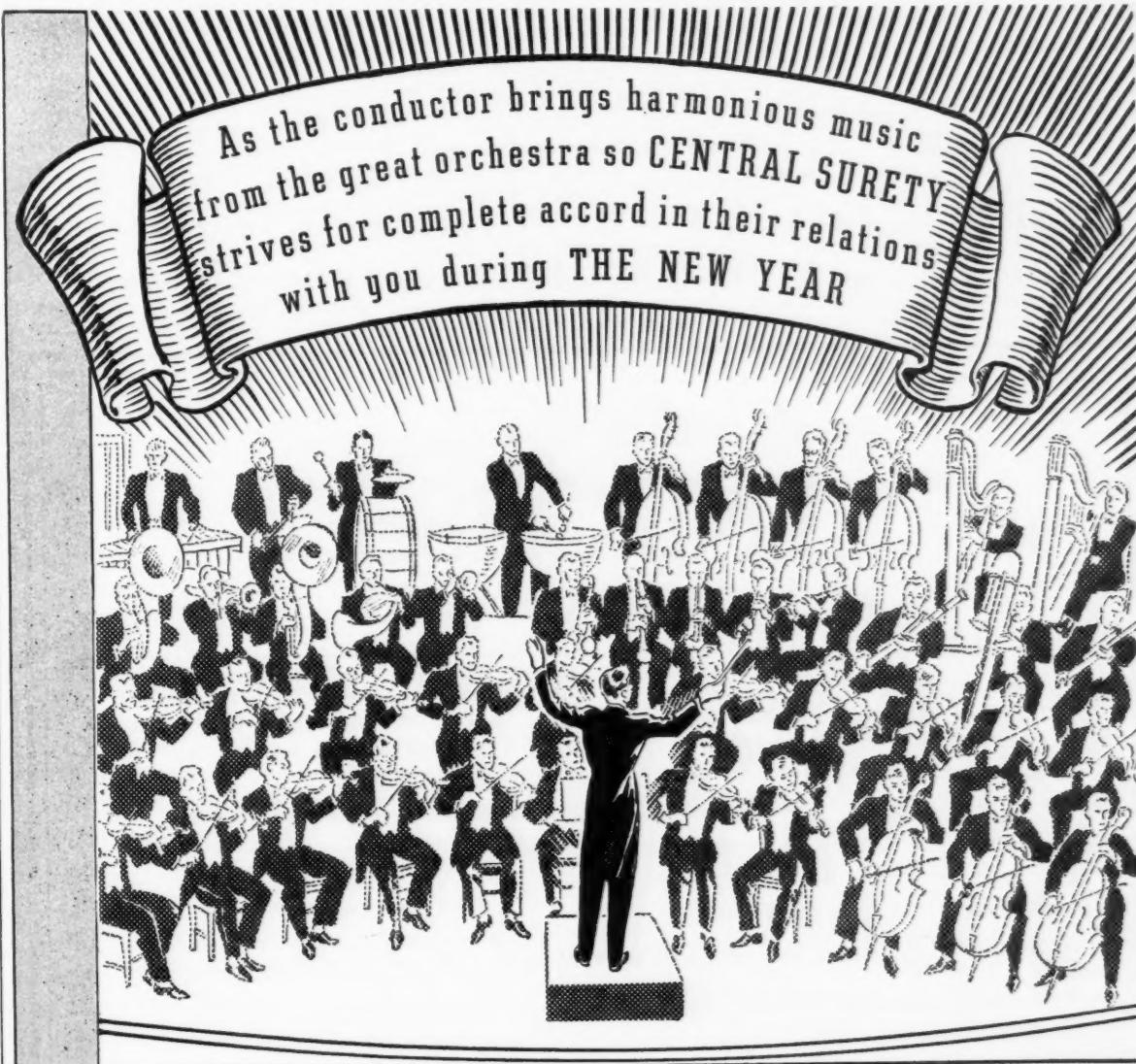
A legislative act to license employers who do not elect to operate under the compensation law and to require them to carry liability insurance or post bond, is being considered by labor leaders in lieu of a constitutional amendment,

which was proposed at first, but cannot be offered at the next election because of the legal limit of two amendments already being filled by two amendments favored by Governor Johnson.

was alleged to have been driven at a reckless rate of speed. Judgment for the plaintiff is affirmed.

Non-Suit Motion Is Denied

The North Carolina supreme court in Page, trading as Page Oil Company vs. McLamb, decided that evidence that the defendant's truck was parked at least partially upon the hard surface of the highway, without lights front or back, so that the plaintiff's driver was unable to see it in time to avoid a collision, was sufficient to deny the defendant's motion for a nonsuit.



19 40



CENTRAL SURETY AND INSURANCE CORPORATION

HOME OFFICE
KANSAS CITY, MO.

R. E. McGINNIS,
President

CAPITAL
\$1,000,000.00

SURPLUS
\$1,832,619.02

LIABILITIES
EXCEPT CAPITAL
\$4,901,202.11

ADMITTED ASSETS
\$7,733,821.13

As at Sept. 30, 1939

CHANGES IN CASUALTY FIELD

Employers Has New Coast Setup

The Jensen & Kessler General Agency of San Francisco has been purchased by Employers Liability. That company will open a Pacific Coast department in San Francisco effective Feb. 1.

C. V. Jensen of the general agency intends to retire. Don Kessler intends to devote his time to the insurance brokerage business at San Francisco.

Started with C. J. Okell

Jensen and Kessler started with the former C. J. Okell General Agency which was Pacific Coast representatives of Employers Liability. When Mr. Okell retired, the firm of Jensen & Kessler was established about 15 years ago. In 1930 the firm was merged with the Balfour-Guthrie & Co. fire insurance department that was known as Balfour-Kessler, but this arrangement was terminated in 1934, and the firm of Jensen & Kessler was again established on an independent basis. In addition to the Employers' companies, Jensen &

Kessler have represented Central Fire of Baltimore.

General Accident's Indiana Branch Is Under von Burg

General Accident has established an Indiana branch at 129 East Market building, Indianapolis. Harry F. von Burg, who has served the company as special agent in the Indiana field, has been appointed manager. Mr. von Burg's experience in the casualty field in Indiana has been extensive, and he is well known throughout the state.

The branch will possess complete underwriting, inspection, engineering and claim facilities.

Tiger Made Rochester Manager

The Aetna Casualty has appointed Elmer S. Tiger manager of its Rochester office, succeeding Mott T. Slade, resigned. Mr. Slade has been with the Aetna companies many years and manager in Rochester for nine years.

Mr. Tiger has been with the Aetna organization since graduation from Trinity College in 1916. He has been man-

ager at Worcester, Mass., since 1935 and prior to that was superintendent of agents in the Philadelphia office.

H. D. Ellis has been appointed manager at Worcester to succeed Mr. Tiger.

A. R. McIntyre Named Special

Albert R. McIntyre has been appointed special agent for Aetna Casualty with headquarters at Springfield, Mass. He will visit agencies in Vermont and New Hampshire. He went with Aetna Casualty in 1937 directly after graduation from Dartmouth. He succeeds David C. Colton, who recently entered the Noble agency in Westfield, Mass.

Michigan Reports to Chicago

The western department of Firemen's has now taken jurisdiction over Michigan for the business of Metropolitan Casualty and Commercial Casualty. This is the 13th state that has been brought under the jurisdiction of the western department of Firemen's for casualty lines. Eventually each of the 17 states in the western department territory of Firemen's will be operated on that basis.

R. H. Hall with Broderick

Ralph H. Hall, formerly Los Angeles manager of United Pacific of Seattle,

has joined D. F. Broderick, Inc., of Washington as special agent. The office was recently established in Seattle in charge of Roy Martin, Jr. Mr. Hall entered the automobile insurance business in 1922 with the Stuart G. Thompson Company, Seattle general agency. He assisted that office in forming Washington Fire & Marine. In 1931 he went with United Pacific in charge of production in Washington, Oregon and Idaho. A year later he became Los Angeles manager.

Hampton Shifted to Cleveland

LOS ANGELES—L. G. Hampton, assistant to F. G. Fairbank, claims manager in the Los Angeles branch office of the Zurich, has been transferred to Cleveland to take charge of the newly established claims department there.

He is succeeded in Los Angeles by S. M. Laurin, who has been with the Gulf companies for three years and before that with the Globe Indemnity nine years.

E. L. Adams, special agent in the Minneapolis office of the Aetna Casualty, has been transferred to Cincinnati.

James H. Tibbetts, formerly in the burglary department of Hartford Accident, has joined Globe Indemnity as first assistant in the New York City burglary department.

PERSONALS

R. G. Wellman, 54, superintendent of the Des Moines surety bond department of United States Fidelity & Guaranty, died from a cerebral hemorrhage. He had been with the company 26 years.

T. E. Braniff received special recognition from the Oklahoma City chamber of commerce in appreciation of his leadership in national aviation, his contribution to Oklahoma City's air facilities and in observance of the putting into service Jan. 1 of the Super-B-Liners by the Braniff Airways, of which he is president.

W. C. Potter, chairman of Preferred Accident, has been spending the holiday season with his daughter, Mrs. Ed. Staley, and her family in Glencoe, Ill. He has also been making some insurance calls in company with Walter Clahanan, Chicago manager.

Mrs. Marie A. Kirk, who died recently at St. Luke's Hospital, Chicago, after an illness of about five months, was the mother of Carl Kirk, assistant United States manager of Zurich. Mrs. Kirk was 65 years of age.

Sylvia C. Lewis, daughter of Brig. Gen. P. C. Lewis, resident manager Employers group, Chicago, is to be married Jan. 13 in the First Methodist Church, Evanston, Ill., to Donald Kallman of Park Ridge. The prospective groom is a cosmetic manufacturer. Miss Lewis is 19 and is attending Northwestern University. Mr. Kallman is 25 and is a graduate of Knox College.

O. E. Houchins, district supervisor for Business Men's Assurance at Charleston, W. Va., died after a lengthy illness. He had been with B. M. A. for seven years and had been district supervisor since 1935.

J. S. Kemper, president Lumbermen's Mutual Casualty, American Motorists and other affiliated companies, announces that in addition to its life insurance and pension program for employees the organization has added sickness, accident and hospitalization. The new program provides for weekly sickness and accident benefits, hospital daily benefits up to 70 days, for the payment of hospital extras such as x-ray, operating rooms and laboratory services, and for surgical operations up to specified limits. This applies to all employees who have been with the organization for more than six months.

ENDORSE

from the Latin *in*, and *dorsum*, the back. The word originally meant something carried on the back, as elephants were said to be "endorsed with towers of archers", but its meaning is now limited to the signatures on the back of bills of exchange, or other commercial or legal documents.

—Words, Facts and Phrases by Eliezer Edwards.

Agents and policyholders justifiably rely upon the protection and service guaranteed by policies endorsed by the

Bankers Indemnity Insurance Co.

Newark, New Jersey

of

THE American Insurance Group
Newark New Jersey



Jan
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NEWS OF THE CASUALTY COMPANIES

Standard Accident to Revise Its Capital Setup

Stockholders of Standard Accident at the annual meeting Jan. 17 will act upon a proposal to retire its entire second preferred stock and to amend the articles so as to give effect to an anticipated agreement with the Reconstruction Finance Corporation in respect to the application of surplus net earnings to the redemption of first preferred stock.

The R. F. C. is the pledgee of all the first and second preferred shares of Standard Accident as security for loans, the entire proceeds of which were paid to Standard Accident. There were outstanding on Dec. 29, 2,396 shares of second preferred, the aggregate redemption price of which is \$179,700, to which would be added accrued and unpaid dividends to the date of redemption. The stockholders will be asked to approve the redemption of these shares and to amend the articles to remove all reference to second preferred stock.

Under the present articles, the R. F. C. could call annually for the application of all surplus net earnings to the retirement of preferred shares provided Standard Accident surplus was \$1,000,000 or more after such redemption. The articles also provide that Standard Accident need not make such application if the RFC should waive the requirements and the RFC has every year up to and including Dec. 31, 1938, waived the requirements. President C. C. Bowen, in a message to stockholders, states that the requirement of application of all surplus net earnings and the uncertainty as to whether or not future waivers will be obtained should be cleared up and negotiations are now under way with the RFC which it is anticipated will result in only a portion of the surplus net earnings being subject to such application in the future. It is anticipated, he states, that the provision with respect to possible waiver by the Reconstruction Finance Corporation even as to this portion will be retained.

Will Wind Up Affairs of Mid-West Auto

Mid-West Automobile Underwriters of Freeport, Ill., whose business was reinsured as of Jan. 1, by General Casualty of Madison, Wis., will continue to operate as a reciprocal until such time as all outstanding liabilities have been liquidated. It will write no new business. All claims occurring on Mid-West policies up to midnight Dec. 31, will be retired in the usual manner by Mid-West.

The quarters that had been occupied

WANTED

Experienced Casualty Underwriter, by Texas Branch Office of large multiple line stock company with well established business. Excellent opportunity. ADDRESS K-92, NATIONAL UNDERWRITER, 175 W. Jackson Blvd., Chicago.

WANTED

Two Special Agents for independent stock automobile company, one to travel Ohio and one for Indiana. Must be good producers, be well acquainted with agents and live in the state. State fully age, experience, etc., in own handwriting. Address K-34, The National Underwriter, 175 West Jackson Blvd., Chicago.

ACCIDENT AND HEALTH UNDERWRITER WANTED

Chicago Office has opening for an underwriter who knows the accident and health business. Must be well versed in ALL lines as well as A. & H. In reply give experience, age, salary expected, etc. Address K-95, The National Underwriter, 175 W. Jackson Blvd., Chicago.

by Mid-West in Freeport are now serving as a branch office for General Casualty. George H. Schirmer, who was in charge of the affairs of Mid-West Automobile Underwriters, is now in charge of the branch supervising Illinois and Iowa. Claims will be continued to be handled under supervision of Elmer H. Schirmer.

With the passing of Mid-West Automobile, there remain in Illinois only four

domestic automobile reciprocals. Illinois in years gone by was the seat of dozens of reciprocals but during the past few years the number has been gradually diminishing either through merger, conversion to a stock basis or by receivership. The remaining automobile reciprocals are the Inter-Insurance Exchange of the Chicago Motor Club, Farmers Automobile of Pekin and Union Automobile Indemnity and Prairie State Farmers, both of which are located at Bloomington and are operated as running mates.

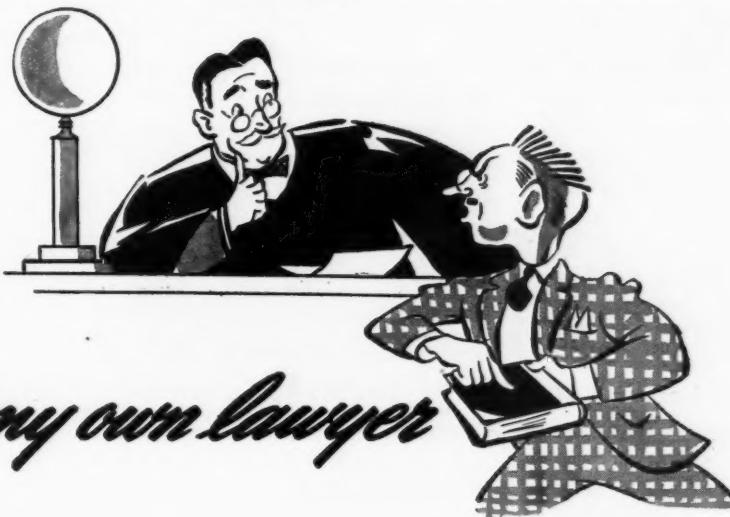
There is another domestic reciprocal,

Chicago Brick Exchange, but this writes compensation business only.

Trinity Universal to Have New Home Office Building

President E. T. Harrison of Trinity Universal announces that a 10-story, air-conditioned home office building will be erected this year. The company has purchased the northeast corner of Main and Harwood streets in Dallas for the purpose. Trinity Universal will occupy three floors and the ground floor and

I paid two dollars for this Legal Handbook



THE sale of "laymen's guides" to the intricacies of the law indicates that a great many people have never heard that the man who is his own lawyer has a fool for a client. And what the Army calls "Guardhouse Lawyers" make much business for the legal profession. Every practical business man turns to his lawyer for legal advice based not only on knowledge, but on the special experience and viewpoint which come from long practice in the law actually applied to business problems. Legal aid societies exist for the poor.

When the attorney advises his clients as to Fidelity or Surety Bonds or needed insurance protection, he does not just suggest, "\$50 worth of insurance." He takes advantage of the knowledge and full services of an expert purchasing agent in the complex insurance field, like himself a specialist. No worries about uncovered risks or vital service details.

* * *

Like the attorney, the insurance agent or broker is a middleman, rendering indispensable service in his

own special field. And because we believe in the middleman's function and services, we refuse to accept business direct because it is not in the interests of the company or the assured to do so. When you buy National Surety Fidelity Bonds, Surety Bonds, Burglary or Forgery Insurance through your local insurance agent or broker, you deal with a customer and friend who is a fellow member and supporter of the American Business System.

• This is a reprint of an advertisement of National Surety Corporation which appeared in AMERICAN BAR ASSOCIATION JOURNAL, a leading publication in the legal field. It was directed to the attorneys in your city.

This advertisement has also appeared in a long list of banking and financial publications. It is an effective sales help to our agents and another proof of our belief in and support of the American Agency System as a part of the American Business System.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, President

She didn't follow directions...

**-BUT THAT
DOESN'T LET THE
MANUFACTURER
OUT!**

- The Products Liability Contract protects the manufacturer against all claims—even freak ones!

Many manufacturers and their distributors fail to realize that misapplication or misuse of their products does not relieve them of liability for personal injuries.

Many claims of this type prove to be not only costly, but injurious to the prestige of the manufacturer as well.

A Products Liability Contract underwritten by prominent underwriters



ers and offered through this organization, provides adequate and comprehensive protection against claims of this type. Full information will be sent on request.

R. N. CRAWFORD & CO., Inc.

Insurance Exchange, Chicago Tel. Wabash 2637

Headquarters for "OUT-OF-THE-ORDINARY" Contracts

Friendly Cooperation With Agents for Over Half a Century

- A record to be proud of: In this span of years The Preferred Accident has built up and maintained a progressive staff of agents throughout the country, with whom its relationship has been friendly and mutually profitable.

THE PREFERRED AGENT has the benefit of direct contact with the home office—thus giving the close personal touch so helpful in agent-company dealings.

*Accident
Automobile
Burglary
Plate Glass
Liability*

THE PREFERRED ACCIDENT INSURANCE COMPANY

of New York

80 MAIDEN LANE, NEW YORK

Wilfrid C. Potter, Chairman of the Board

Edwin B. Ackerman, President

the remainder of the space will be rented.

American F. & C. Pays Extra

American Fidelity & Casualty has declared an extra dividend of 10 cents per share as well as the regular of 15 cents, payable Jan. 10 to stock of record Dec. 31.

COMPENSATION

Missouri Department Hears Rate Revision Plan for O. D.

The Missouri department will conduct a public hearing Jan. 5 at Jefferson City on a general revision of occupational disease rates, with amendments to the general occupational disease procedure proposed by the National Council on Compensation Insurance. Consideration will also be given to an O. D. schedule plan of rating in conjunction with the revised O. D. rates for foundry classes.

New County Boards Must Insure

LANSING, MICH.—An opportunity for Michigan agents to obtain workmen's compensation business covering employees of the new county welfare boards is seen in a current ruling of Attorney-General Read. The opinion holds the board's employees come under the compensation law. The state social welfare commission is held to have no such responsibility. Thus each county board will be empowered to handle its compensation independently. Under the former emergency welfare set-up the state commission had the responsibility and all employees were covered under the state accident fund.

Kidwell Reports to Governor

SAN FRANCISCO—Many delinquencies and abuses which have prevailed in past years within the California industrial accident commission, according to G. G. Kidwell, its chairman, have been eliminated and others will be eradicated, he says in his report to Governor Olson. Mr. Kidwell makes much of the reduction in costs of compensation insurance to employers because of the administration of the commission. He states: "The fight to increase maximum benefits up to the level demanded by justice will go on in the legislature with Governor Olson's active support."

Mr. Kidwell also reports that the commission is working to "improve" self-insurance methods and practices.

Florida Deputy Resigns

BARTOW, FLA.—Ralph Davis, deputy in charge of compensation in the Florida department, has resigned to become campaign manager for Senator Spessard Holland, candidate for governor.

Warns Against Medical Board

PLAINFIELD—E. J. O'Brien, New Jersey lawyer, in a talk before the Plainfield Bar Association on "Workmen's Compensation" warned against an attempt to have the New Jersey legislature in 1940 pass an act authorizing medical doctors to sit as fact-finding hearers on the medical phase of all compensation matters.

Reorganizing Ohio Commission

COLUMBUS—A. D. Caddell, secretary of the Ohio industrial commission under the last two Democratic administrations and one year of the present Republican administration, has been asked to resign as one step in the reorganization of the department, which was started with the appointment of James A. White, attorney of Columbus, Republican, to succeed James W. Beall,

D. C. Griffith, field man for the acquisition cost conferences, outlined their work at a meeting of the Mountain States Casualty & Surety Association in Denver.

SURETY

Five Points Involved in Colorado Liquor Bond Suits

DENVER—Five points will have to be settled in connection with a test suit or suits to be brought by the state to determine whether or not bonds on liquor dealers' licenses, which have been revoked, will be forfeited, it was announced by Deputy Attorney-general Williams.

Secretary of State Saunders maintains that wherever a liquor dealer's license is revoked for violation of state laws, his bond is forfeited. He has announced that he will seek to recover bonds on all licenses revoked in the past five years and has asked the attorney-general's office to file suit. That office has delayed filing the test suit in hope of finding a case in which several of the points involved will be included. Failing to do this, it will be necessary to file five different test suits.

The five different classes of license revocation which are involved are: (1) Violations of the 3.2 beer law; (2) violations of the "high-powered" liquor law; (3) convictions under either statute in justice of the peace court; (4) convictions under either in a court of record; (5) revocation of a license by the state liquor department, where the nature of the case is such that it is never brought into court.

American Surety Pamphlet Boosts Fidelity Line

That annual embezzlement losses in the United States exceed those caused by fire is suggested in the fact that an estimated 90 percent of embezzlements are not covered with insurance, whereas only about 10 percent of fire losses are unprotected, according to a new leaflet entitled, "Which Takes the Heavier Toll, Fire or Embezzlement?", just published by American Surety and New York Casualty jointly. "Fire," the leaflet says, "is the form of insurance first considered and most widely carried by business concerns. Fidelity insurance, according to various surveys, is carried by about half of the business concerns carrying fire insurance."

The leaflet, which is attractively printed in two colors for consumer use, has been made available at offices of American Surety and New York Casualty throughout the country.

R. J. Hill, Jr., Heads N. Y. Club

Richard J. Hill, Jr., Maryland Casualty, has been elected chairman of the Surety Managers Luncheon Club of New York, succeeding W. H. Duff, Fidelity & Deposit. J. M. Smith, Hartford Accident, is vice-chairman; R. J. MacCann, Glens Falls Indemnity, is secretary.

Cleveland Group Meets Jan. 8

CLEVELAND—The Surety Association of Cleveland will hold a general business meeting Jan. 8 at which the season's plans will be discussed. Methods of handling cancellation of liquor bonds will be considered.

Hayward Andrews, special agent bond department Aetna Casualty, who has worked out of the Cleveland office for 2½ years, is being transferred to Los Angeles.

D. C. Griffith, field man for the acquisition cost conferences, outlined their work at a meeting of the Mountain States Casualty & Surety Association in Denver.

Lima, a Democrat. Mr. Caddell is listed as a Republican. He is not under civil service.

ACCIDENT AND HEALTH

Committee to Draft California Group Disability Rules

SAN FRANCISCO.—Companies writing group disability insurance in California may continue to use the same forms as they have in the past until Feb. 15, Commissioner Caminetti decided at a hearing here. After that date they must use the alternative forms and provisions prepared by the California department.

The changes result from amendments to the insurance code adopted by the last legislature, which provide that the commissioner shall prepare standard forms of provisions for both group disability and family expense disability insurance. A form for the family expense disability policy prepared by the department, following suggestions submitted by one company and embodying the standard provisions of the code with minor changes, was approved without question, but there was considerable debate on the general group proposals.

Group Association's Proposals

Several Group Association companies objected to the department's proposals and presented other provisions. Henry Reichgott, Equitable Society, chairman of the Group Association, had C. A. Sigfried of the group department of the Metropolitan explain the position of those companies. Marcus Gunn, actuary California-Western States Life, and Harold Levey of the same company, also spoke on the question. Mr. Sigfried presented the form prepared by the Group Association, suggesting it be added to the provisions submitted by the department, but this was objected to by the casualty companies, through George W. Kemper, superintendent accident and health department Fireman's Fund Indemnity.

Others who took an active part in the discussion included W. B. Burge, Ocean Accident; Charles Dougherty, Metropolitan Life, and L. M. Caldwell, Fireman's Fund Indemnity.

Following a recess Mr. Kemper proposed that a committee composed of representatives of the Health & Accident Underwriters Conference, Bureau of Personal Accident & Health Underwriters and Group Association (accident and health section) be appointed. He also suggested that the department be represented and that Commissioner Caminetti appoint three other members "at large."

Haas Heads Committee

Commissioner Caminetti agreed to this proposal, instructed those present to submit the names of representatives before Jan. 30, named Assistant Commissioner Harold Haas as chairman of the committee and said he would name the three others. He also announced that this committee should attempt to prepare a set of standard provisions, in accordance with the California code, as expeditiously as possible, and tentatively set six months from that day for another hearing to discuss the report of the committee. Companies were requested to submit to Commissioner Caminetti their policy forms with index as to alternative forms or standard provisions.

Monarch Life Parleys

Officials of Monarch Life spent two weeks in December attending meetings of general agents in Michigan City, Ind., and Springfield, Mass. Nineteen general agents were present at Springfield and 12 in Michigan City. At Michigan City, the company conducts instruction courses in selling throughout the year.

Newspaper Business Wanes with 550 Papers Vanishing

With the passing out of existence during the past five years of some 550 newspapers, those companies selling newspaper accident policies have suffered a diminution of income and of opportunities. The losses have been rather evenly divided among the various insurers in the field.

When a newspaper goes out of existence the accident company usually tries to salvage as much of the business as possible by dealing direct with the assured. But the premium has to be increased, since the work formerly handled by the newspaper must be done by the insurer. And the returns are inconsiderable. A premium that was \$1.25 when issued through the newspaper may be increased to \$1.75 when sold direct, or a \$3 premium may become \$3.50.

The sale, discontinuance and merger

of Hearst papers has been particularly discouraging to the accident companies, as most of the Hearst papers have insurance deals and push them.

The loss in newspaper business is being made up somewhat by an increase in limited accident policies sold through motor clubs. That business is flourishing.

Occidental Life Appointments

The Occidental Life has appointed J. F. Lillis of Kansas City and Stan Witowski of Santa Ana, Cal., general agents in the accident and health department.

Mr. Lillis has headed a very successful general insurance agency in Kansas City for a number of years. Mr. Witowski has had 23 years of service with the Federal Life.

Hospital Group Hearing Deferred

COLUMBUS, O.—Judge Turner in common pleas court here has deferred to Jan. 15 the hearing of the Ohio department's action against the Mutual Hospitalization Association of Cleveland. The division of securities also has postponed until a later date the hearing of its action against the stock selling agency of the Mutual Hospitalization Association. The hospitalization organ-

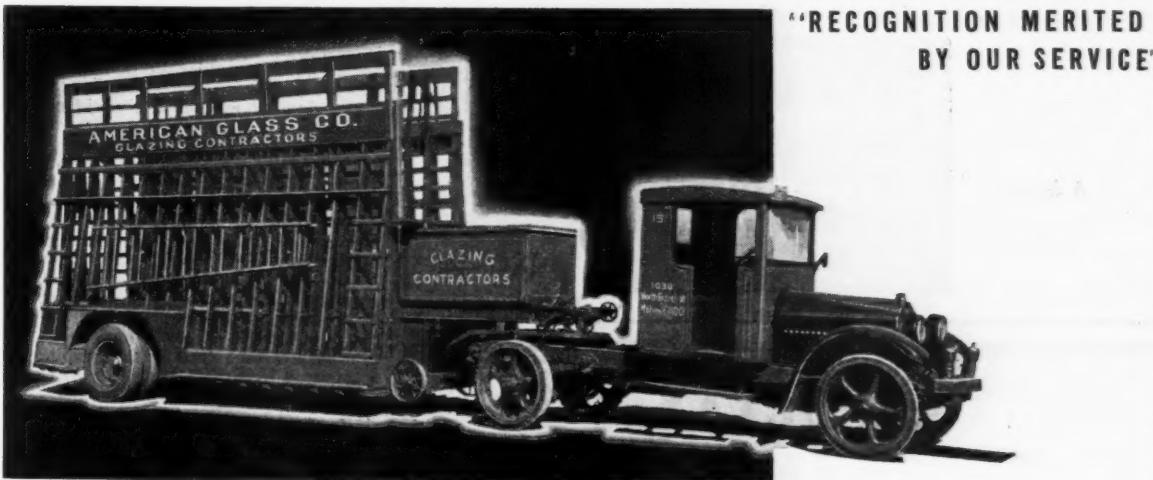
ization is now temporarily enjoined from disposing of its assets. The department seeks to enjoin it from carrying on business. The association agreed to add \$5,000 to its surplus, because "there is a question whether it has or has not exceeded its 40 percent allowed by law for expenses per annum."

Raises Rates on Women

The Hoosier Casualty has increased rates for female risks under its hospitalization policies. There has been no difference in rates for men and women heretofore. The annual premium for women on the three forms written has been increased from \$10, \$12 and \$20 to \$12, \$14.40 and \$24, respectively.

Mutual Benefit H. & A. Report

Assets of Mutual Benefit Health & Accident as at June 30, 1939, amounted to \$8,130,441 according to a report of an examination conducted by Nebraska, Indiana, New York, Tennessee, Utah and District of Columbia. There is a contingent fund of \$300,000. Unassigned funds amount to \$300,000. There is a reserve for emergencies of \$864,920; premium reserve, \$1,910,658; reserve for noncancelable policies, \$550,000; reserve for losses and loss expense, \$4,021,216.



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CHICAGO

New Forgery Bond Covers Banks Doing Finance Business

(CONTINUED FROM PAGE 15)

and discounts of the assured, as evidenced by the last Dec. 31 financial statement. This premium varies from \$150 for institutions having up to \$250,000 in loans and discounts to \$125 for assured with balances of \$30,000,001 to \$5,000,000. For each additional \$1,000,000 the premium for the first \$5,000 is increased \$22, subject to a maximum premium of \$1,250 for the first \$5,000. There is a scale of increases over the basic premium for insurance in excess of \$5,000.

Credit for deductibles is applied to the premium for the first \$5,000 only. The credit runs from 20 percent for a \$50 deductible to 40 percent for a \$250 deductible.

The Surety Association of America, in announcing the new bond, stated that estimates indicate that there are at least 3,000 banks in the automobile financing field and 2,000 in the personal loan field, with many more considering entering either or both fields, not including Morris Plan and industrial banks. The association also stated that it was felt more desirable to issue a separate forgery bond rather than to include this coverage under bankers' blanket bond or a securities bond. The securities bond has a rather limited market and could not be sold to all assured who should be interested in the new forgery coverage. Including the protection under a bankers' blanket bond would have imposed a limitation on a single loss because of the definition of loss in bankers' blanket bonds, limited the amount of insurance on forgery of financed paper to the amount of the blanket bond and increased the restoration premium charged in the event of a loss. It was also felt that issuing the coverage under a separate bond would simplify the keeping of segregated experience.

Aviation Insurers Eyeing Peril of Sabotage

(CONTINUED FROM PAGE 17)

insurers can't by any means fully take care of the direct-writing companies when an unusually large risk comes along. In fact, some of the largest planes, such as the Boeing clipper ships and the Douglas DC-4, threatened to tax reinsurance facilities abroad and there was some concern that some of the 100-passenger drawing-board dreams would exceed the capacity of the world market if they ever materialized. Since then, however, more attention has been paid to perfecting the designs that are already in or past the experimental stage and not much has been heard about flying Queen Marys.

Fortunately the war has not dried up British reinsurance facilities to any extent whatever. Aviation insurance men here profess admiration for the British "business as usual" attitude. Rates on the trans-Atlantic Pan-American Airways planes do not reflect the war hazard, as is the case with marine insurance, as the planes land at the neutral port of Lisbon and do not get into the war zone.

The year has not been marked by new underwriting problems either for direct writers or reinsurers in the aviation field. Many of the new flying developments of last year were 1938's headaches as far as the insurance angles were concerned. New designs—including the largest ships—have justified the faith of their designers, builders and underwriters. There have been no serious accidents with the big clippers with their high concentrations of values. The almost equally large Boeing "stratoliner," the first of which crashed and burned with heavy loss of life, has proved to be

a highly successful design, like the army's "flying fortress" on which it was patterned, and will be in operation on the air lines before long. The huge four-engined Douglas DC-4, one of the first big planes to be equipped with nose-wheel landing gear for greater safety, has shown no faults that should worry an underwriter.

The outstanding development of the year has unluckily been of no value to reinsurers. That is the Civil Aeronautics Authority's new civilian pilot training program which is run in cooperation with colleges and aviation schools. Though the government insists on each plane and each student being insured, the limits are relatively small—\$50,000/100,000 public liability, \$5,000 property damage, and \$3,000 personal accident for the student himself. With the pools' capacities, these limits create no need for going beyond treaty facilities.

Automobile Decisions from Higher Courts

Tennessee court of appeals in Jones et al. vs. Lanier had a case where a guest was injured. The plaintiff had been invited by defendant Shepard to accompany him on a trip to Friars Point, Miss., defendant having some business to transact in that neighborhood. On the return trip the collision in which plaintiff was injured occurred. A truck had become stalled on the road and defendant pulled his car to the left while some distance behind the truck, intending to pass it, but saw lights on cars which he thought were approaching from the opposite direction and thereupon pulled back to his own side of the road and applied the brakes to his car, but not in time to avoid hitting the rear of the stalled truck. As a matter of fact, the lights were on cars that had stopped on the side of the road ahead of the truck. The higher court said that the judgment below was for the plaintiff, who pleaded the common law of Mississippi, and on appeal no error was found.

The Wisconsin supreme court reversed a decision from the circuit court of Brown county in De Baker et al. vs. Austin, Jr., et al. Plaintiff De Baker was riding as a guest in Defendant Austin's car when it collided with a car driven by one Simon, the latter not being a party to this action. The car was traveling on a three lane highway, the driver intending to turn left into the driveway of a roadhouse. He had passed the driveway once and had turned around to go back and as he turned he saw Simon's car coming from the opposite direction. He thought the car was coming at a slow speed and did not look to see if he could safely make the left turn until he was in the lane in which Simon was traveling. Then it was too late to avoid collision. The court below dismissed the action on its merits but the higher court holds that Austin's negligence was a direct cause of the collision and enter judgment for the plaintiff.

Baker Gets "Old Rocking Chair"

It appears that the "Old Rocking Chair" has got R. E. Baker, office manager Hartford Accident, Chicago, or vice versa.

Members of the Tuesday night section of the Exchange Speakers Forum presented him with an old fashioned rocking chair, which moves on a stationary base, and a lamp in appreciation of his services to the group.

For many years, Mr. Baker, who was the founder, has devoted his time gratis to the Exchange Speakers Forum, a group which has for its purpose the development of public speaking abilities.

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Undetected Embezzler Is Main Threat to Accountant

Most claims under the accountants' liability coverage have their origin in the failure of the accountants to uncover embezzlement, it is pointed out in a new leaflet prepared by the American Surety.

There is a wide field for a type of defense policy to take care of claims made against accountants resulting from a breach of implied warranty of their competence, the American Surety states. This form of protection differs from that given under license bonds which usually are given to indemnify the public authority against violation of the terms of the license and sometimes permit recovery by third parties. It also differs from statutory bonds for public officials, bank officials in certain states and others who are required to furnish bonds guaranteeing the faithful performance of their duties, in that no fidelity protection is afforded. It is somewhat related to products liability insurance with service as its basis rather than a product. However, it is distinct from other public liability lines by reason of the fact that the liability under the law is not specifically imposed by statute and recovery is limited to the insured.

Rates and Forms Filed Direct

Accountants' liability is not under the jurisdiction of any rating bureau and rates and forms are filed with the various state insurance departments directly by the carrier. The coverage is usually handled by the fidelity rather than the liability department. There are three regular accountants' liability policies available.

To give a good picture of the hazards which the public accountant faces, the following are typical claims which have been made, although they did not all result in payments:

(a) Irregularities in the accounts of one of the employees of a client not

brought to light as a result of examination by the insured's agents.

(b) Misappropriations of a bookkeeper of a client which misappropriations were not discovered thereby causing client a loss in excess of the amount of bond carried on the bookkeeper.

(c) Damage to reputation by employee of a client which employee was discharged on the strength of a report of examination by the insured.

(d) Prepared published reports which contained misleading facts and omitted material facts.

(e) Balance sheet audit of client did not bring to light a defalcation by an official of the client who thereafter continued to embezzle until subsequently discovered.

(f) Claim made by creditor of a client because credit had been extended on strength of an audit report by the insured which did not disclose a defalcation on the part of an officer of the client.

Makes Mistake in Tax Return

(g) Insured inadvertently made mistake in preparing federal tax returns of client.

(h) Because report of insured was alleged to have hampered client in carrying on business and greatly injured client's credit and financial reputation, client attached several bank accounts of the insured plus the personal accounts of the various partners.

(i) Defalcation of bookkeeper of client not discovered by the insured.

(j) Shortage in accounts of a public official not disclosed by the audit of the insured.

The most numerous claims involve the failure of accountants to uncover embezzlement. This hazard may be minimized by accountants checking over fidelity bonds carried and mentioning in their reports that such protection is available where it is not carried.

iness in many cases. Under the caption "Retaining personal accident renewals," it says: "We believe the plan outlined below is one of the most effective methods for agents to use on accident policyholders who have decided to drop their insurance. We urge you to acquaint yourself thoroughly with this idea, reword it in your own language and use it the very next time an insured returns a renewal to you for cancellation."

Here is the plan: "When you receive a renewal notice for cancellation, go out and call on your policyholder and tell him that in order to effect proper cancellation, you want his original policy, also the reason being that our company on many occasions has been confronted with the embarrassing situation of having to tell an attorney or relatives of the policyholder, who come to us after the insured has met with a serious accident or fatality, that we are sorry but the policy has lapsed and there is no insurance in force. When the policy is produced, ask him to write across the face of it 'Not Wanted' and underneath, his signature. Tell him at this point that this will complete the cancellation, and unless your policyholder is insolvent and has no means of paying for the renewal, he will think twice before signing away his contract.

Also Request Identification Card

"If he hasn't changed his mind by this time, request, in addition, the identification card which was sent out with the policy. Most policyholders carry the card in their wallets. Explain now that you want the card, as many times persons seriously hurt in accidents have been taken to hospitals and practically the first thing done by those in charge is to seek the identity of the injured individual. It has been our company experience many times where persons carried to hospitals with our identification cards on their person have lapsed their coverage and considerable embarrassment to the former insured and company have followed.

"A common sense outline of this plan is bound to make your policyholder do some thinking before releasing the protection afforded under our accident policies and we are sure if you will use it along the lines suggested you will considerably cut down your 'not taken' ratio."

Morticians Offer Possible Source of Premium Income

Agents should be alive to sales possibilities among morticians. A mortician's work is carried on to a great extent outside of his business establishment. He works in all kinds of weather and under various conditions. The nature of his business demands dignity, nothing must occur to interrupt the quiet routine. Loss or damage to any one element would cause embarrassment to the mortician and even, in extreme cases, bring on legal action which might result in loss of prestige.

There are two types of coverage available. The first is the mortician's equipment floater, which insures such things as embalming apparatus, candle sticks, chairs, canopies, awnings, rollers and stretchers which the assured may own, borrow or rent and for which he is liable, and which are customarily taken from his premises for funerals elsewhere.

All Risk Coverage

This is written on an all-risk policy subject to the following exclusions: Property permanently located at any place owned, leased, rented or operated by the assured; animals, automobiles,

Writes 2,100 Accident Apps During Past Nine Years

An outstanding record for consistency of personal production has just been established by Raymond K. Lake, W. A. Alexander & Co., Chicago. Since December, 1930, Mr. Lake has written 2,100 accident applications, having led the agency's sales force in accident sales every year since 1932. In the past three years he has averaged better than an application a day for every day in the year. His best year was in 1937 when he wrote 396 applications, and this year to date he has written over 335 personal accident applications alone.

Mr. Lake's business has been done entirely by using the W. A. Alexander & Co.'s green sheet mail-follow-up program, working among business and professional people who at the outset were strangers to him. A large percentage of his clients look to him to take care of their insurance affairs in other fields, with the result that while specializing on accident business he has written a substantial volume in other lines.

Mr. Lake first joined W. A. Alexander & Co. in its plate glass and burglary department after a brief insurance experience in Iowa. He was later made special representative for the agency's Cook county department. He later became assistant manager in Chicago for Commercial Casualty, and rejoined W. A. Alexander & Co. in 1930.

motor trucks, carriages and other vehicles; loss or damage by rough handling or disregard of reasonable precautions by the assured; and the usual losses of marring, scratching, war, invasion, and others with which the agent is familiar.

The form is written on a blanket basis subject to 100 percent coinsurance and covers all specified equipment up to the amount named in the policy. Minimum premium is \$10. There are no standard rates for the form so that quotation depends upon the underwriter's judgment of each individual risk.

Legal Liability Form

The mortician's legal liability form protects the mortician who is a bailee and who therefore is legally responsible for negligence in case of loss or damage to corpses, ashes after cremation, urns, clothing, caskets, linings and cases. It can and should be sold as a collateral line with the mortician's equipment floater.

This policy is written with the scheduled property floater as its base. The premium may be computed at a specified charge per funeral or the total number of funerals held during the reporting period. The rule and rate book explains in detail the two monthly bases (monthly reporting and annual readjustment) on which the form may be written.

This is a line for which there is at least one prospect in every town. The mortician should easily see the importance of protecting his business name and retaining the confidence of the community.

The classified section of the telephone book will provide a prospect list. In towns where the list may be large, it is suggested that the agent send out letters (not more than one can easily follow up within a week). If the agent times his letters and calls properly he will find that sales will be made more easily.

Participate in Accident & Health Week, April 22-27, 1940. Write your company for promotional material.

Handling Policyholders Who Would Drop Accident Cover

By GEORGE BROWN, Detroit

Just why do companies writing accident and health business insist on the agent serving a cancellation notice or picking up the policy when the insured lapses on payment of premium, but do not require similar action when a policy in some other line is not renewed?

There are several reasons but the principal one is that disability policies are renewed by quarterly, semi-annual or annual certificates or premium receipts. It's true that standard provision No. 3 provides that "if default be made in the payment of the agreed premium for this policy, the subsequent acceptance of a premium by the company or any of its duly authorized agents shall reinstate the policy, but only to cover loss resulting from accidental injury (or sickness or accidental injury and sickness) thereafter sustained."

In the miscellaneous provisions, provision is made for renewal and payment of premium and, further, that it expires at the close of the term for which payment has been made.

Notwithstanding these definite provisions, it is the practice of many accident insurance agents to extend premium credit. Legal complications may develop if the assured suffers a loss covered by the policy but which occurs during the credit period. This is not so in fire and other property lines. When the policy period expires the policy is dead while the disability policy is continuous.

There is also an embarrassing difficulty for the company when the agent has collected the premium but has been remiss in remitting the net within the period provided in his contract. Almost any jury will decide or the judge will rule that a payment to the agent is a payment to the company.

A life insurance policy also is continuous, but the conditions are quite different. There's a 30-day grace period. A note may be given and accepted but there's no open credit at any time.

The Aetna Life, like the others, wants a definite cancellation but suggests a tactful procedure that may save the bus-

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Seven Legislatures Go Into Session with New Year

Although this is an off year from the legislative standpoint, six legislatures went into regular session this week and Nebraska went into special session. South Carolina goes into regular session next week and the prospect is that special sessions will be called in a number of states. Louisiana is scheduled to

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go into regular session May 9. The states that went into regular session this week are Mississippi, Virginia, Kentucky, Massachusetts, New York and Rhode Island.

Casualty people will watch with special interest the efforts in Mississippi to enact a workmen's compensation law. Employers and labor have gotten together on a bill. Mississippi is the only state that does not now have a com-

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pension law. Arkansas has a law but its application is being held up.

Roof Fires Increase with Drought

Farm insurers report that they have noticed a distinct increase in roof fires during recent months in the drouth area of Oklahoma, Texas, western Nebraska and western Kansas. They are inclined to attribute this to the lack of moisture

which tends to cause sparks to be more dangerous.

Commissioners' Meeting

While the definite days for the annual meeting of the National Association of Insurance Commissioners in Hartford have not been set, Commissioner Blackall of that state says officially that the meeting will be held the last week of June.

FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Minnesota Agents Launch Drive for Members

ST. PAUL—L. D. Engberg, chairman of the membership committee of the Minnesota Association of Insurance Agents, this week launched a state-wide campaign through which it is hoped to boost the membership to a new all-time high.

The campaign will be carried on through the 14 district chairmen who will send out letters to a selected list of agents in each district. These letters will be followed up by personal calls in cases where the letter fails to get results. Mr. Engberg and other officials of the state association are confident that before the next annual meeting a considerable number of new members will be signed up. At the close of the last association year the membership was at a new high of about 650.

Noble Succeeds Whittlesey

C. S. Whittlesey, manager of Western Adjustment at Fargo, N. D., since 1920, retired Jan. 1 but will remain active in insurance in a minor way. He was succeeded by Verne E. Noble, who for some time has been supervisor for North Dakota with headquarters at Fargo. Mr. Whittlesey goes on the Western Adjustment retired list. Fieldmen held a testimonial dinner for him. Mr. Whittlesey is well known throughout the northwest. Prior to going with Western Adjustment he was a special agent of the Hanover Fire and also had served other companies in the middle-west territory.

Mansfield Mutual in New Home

Mansfield Mutual Fire of Mansfield, O., has purchased a handsome residence at 680 Park avenue, West, which has been remodeled for home office use. The new location is in Mansfield's best residential district and is convenient to the downtown business section.

Mansfield Mutual is one of Ohio's oldest mutual companies, having been organized in 1873. J. M. Cook, secretary, has been with the company since 1893 and C. Dale Horner, assistant secretary, since 1918. In addition to its home state it operates on a direct agency basis in Michigan, Massachusetts, West Virginia and Pennsylvania with reinsurance connections in a number of other states.

See Iron Range Auto Reduction

HIBBING, MINN.—Reduced automobile insurance rates are a possibility in 1940 for the iron range country of Minnesota. At the year-end meeting of the Range Association of Insurance Agents the matter was discussed at length and it was made known that the National Bureau of Casualty & Surety Underwriters is considering the urgent request of local agents for a downward revision. The Minnesota Association of Insurance Agents recently went on record as favoring a reduction on the range.

Speakers at the meeting were Harry Levant, president of the state association, and P. J. Sletterdahl, editor of "Northwest Insurance."

K. C. Park Board to Self-Insure

The Kansas City park board, which has been paying about \$9,000 in premiums annually for various kinds of insurance, has decided to self-insure practically all risks. The amount that would have been paid out in premiums will be put into a reserve until a fund of \$40,000 is accumulated. Until last May all of the

insurance was placed through the Thomas McGee & Sons agency and since then McGee and three other agencies have shared the business.

File Suggested Answers

DETROIT—The Casualty & Surety Executives Association has filed its proposed standard answers to the casualty, surety and automobile questions asked applicants for agents' license with the Michigan department for consideration, and the Michigan Fire Underwriters Association plans to file its fire answers shortly. If the proposal to print and distribute these answers to prospective agents is approved by the department they should be ready for distribution in February.

Report Michigan Experience

LANSING, MICH.—The Michigan insurance department reports \$17,805,970 fire premiums paid in 1939 in Michigan. The total premium (all classes) tax income amounted to \$3,677,259 while revenue from fees totaled \$270,577, bringing total revenues to the state close to the \$4,000,000 mark. The department's expenses are under \$80,000.

Milwaukee 76th Anniversary

MILWAUKEE—The Milwaukee Board will hold a stag dinner, commemorating its 76th anniversary, Jan. 22. Val Gottschalk, president of the board, has appointed A. S. Walish general chairman of program and entertainment.

General Agency Now Garrett, Inc.

KANSAS CITY—The name of the T. W. Garrett, Jr., General Agency has been changed to Garrett, Inc. These officers were elected: T. W. Garrett, Jr., president and chairman of the board; Ted Rhodus, vice-president; John M. Dobbin, secretary, and Guy W. Swinehart, treasurer.

Jones & Sons 50 Years Old

Executives and employees of the R. B. Jones & Sons agency, Kansas City, marked its 50th anniversary at a luncheon attended by 150. Moulton Green, vice-president, was master of ceremonies.

Michigan Transfer About Complete

LANSING, MICH.—The transfer of Michigan's fire marshal's organization, with improved facilities for investigation of suspicious fires, to the state police has been virtually completed, according to Commissioner O. G. Olander of the state police. A. C. Renner, assistant state fire marshal under the old setup, is being retained as chief of the fire marshal's division.

A training program has been underway with a police officer from each of the eight state districts given five weeks' instruction at the Detroit fire department's fire prevention bureau.

NEWS BRIEFS

R. R. Gill, Ohio state fire marshal, will speak on "Protecting Fair Patrons and Property Against Fire and Accidents," at a meeting of fair officials in Columbus, Jan. 10-11.

The Frank S. Rogers agency of St. Paul staged a year-end party attended by more than 100 insurance and business men of the Twin Cities and other parts of Minnesota.

Fire losses in St. Paul in 1939 were the lowest in 30 years, around \$500,000, according to preliminary estimates. This is \$67,000 below the 1938 loss and \$25,-

000 below the previous low mark of \$525,000 in 1933.

Warden Leo Utech of the Minnesota state penitentiary will address the Insurance Club of Minneapolis at a luncheon meeting Jan. 8.

The H. H. Woodsmall agency of Indianapolis again presented bonus check to all executives and employees based on the number of years of service.

Alfred H. McCarthy and Miss Ada Wilson, veteran employees of the Peter White & Co. agency of Marquette, Mich., have been admitted to partnership.

Peter White Phelps, head of the agency, has been less active in its affairs in recent years and the business has been carried on largely by Mr. McCarthy and Miss Wilson. Mr. McCarthy has been with the agency since 1902 and Miss Wilson since 1917. Peter White & Co. traces its origin to 1854.

The Rockford (Ill.) Board of Fire, Casualty & Surety Underwriters will sponsor the second annual Rockford Insurance Day, Feb. 7. Vice-president Spencer Welton of the Massachusetts Bonding will be the chief speaker at the banquet.

SOUTH

Southern Agents to Confer in Atlanta

BIRMINGHAM—A special meeting of the Southern Agents Conference has been called for 2 p. m., Jan. 9 at the Piedmont Hotel in Atlanta, Ed H. Moore, Birmingham, chairman, has announced.

Among the matters slated for discussion is that of fire insurance on government loan cotton. The Commodity Credit Corporation, after reducing storage rates, is apparently appeasing warehousemen by supporting the pressure for lower rates and there is some intimation that a government pool might be set up to handle this class of business. Naturally agents are concerned over this threat, since cotton insurance represents a pretty good volume for agents in many Southern towns.

Chairman Moore said that the conference did not have sufficient time to discuss agents' problems at its regular meetings in connection with the national convention, hence the special meeting is called so that any problems worrying the agents may be aired more at length.

Ions Joins C. E. DeWitt in Charge of Fire Loss Work

Clarendon Ions, a prominent adjuster, has been employed by C. E. DeWitt Insurance Claims Service of Dallas in charge of the fire loss department. Early in life Mr. Ions was trained for the engineering profession. After a number of years field experience as a general adjuster, serving several Texas offices, he engaged in independent adjustment work in Dallas, beginning in 1922, later acting in a similar capacity at Miami and Nashville. He has performed on important loss work and as consultant on serious loss situations in various parts of the United States. In 1938 Mr. Ions returned to Texas, joining the Floyd West organization as staff adjuster, now resigning to go with Mr. DeWitt.

The DeWitt Service, established in 1931, is well known in the southwest. This agency is departmentized. Mr. DeWitt, in addition to general supervision, gives his personal attention to the handling and assignment of losses and

claims. Mr. DeWitt has played a prominent part in the National Association Independent Insurance Adjusters and has been engaged in adjustment work, representing only insurance companies, for more than 20 years, during which time he has been a resident of Dallas. His business since embarking as an independent adjuster has shown a steady growth, manned by a staff of capable adjusters. He maintains a branch in El Paso.

Lecture Series in Greenville

The Greenville (S. C.) Association of Insurance Agents is offering a series of six lectures on insurance subjects to agents and their employees in the Piedmont section of South Carolina beginning Jan. 8. At the end of each lecture there will be a true and false test and then an open discussion for about 30 minutes. Two prizes will be given at the end of the series for those making the highest grades. J. Ed. Hart is president.

Place \$2,000,000 on Court House

BIRMINGHAM, ALA.—Two local companies, Birmingham Fire and Bankers Fire & Marine, wrote \$2,000,000 fire insurance placed by Jefferson county on the county courthouse through three agencies, R. A. Brown & Co., Paden Realty Company and the Zeigler agency. These agencies then distributed the business equally among 89 agencies in the county. The total premium for one year was \$4,000.

Suggests 1940 Program

NASHVILLE—John D. Saint, manager Tennessee Association of Insurance Agents, in a special communication to officers and members of the 15 local boards in the state, suggests a program of activities for 1940. He proposes that the January meeting be devoted to marshalling constructive ideas and plans for a definite program. Mr. Saint suggests two meetings a month with a special agent speaking at one.

Son Joins L. P. McCord

JACKSONVILLE, FLA.—L. P. McCord, past president and national councilor of the Florida Insurance Agents Association and "dean" of the association's insurance schools, has admitted his son, R. A. McCord, to membership in the McCord Insurance Agency. The agency was established in 1900 and purchased by L. P. McCord in 1928.

New Orleans Silver Meeting

The New Orleans Insurance Exchange is celebrating the 25th anniversary of its founding with a banquet at the St. Charles Hotel the evening of Jan. 9.

H. B. Frazier, Jr., Norfolk Manager

Henry B. Frazier, Jr., for several years senior adjuster at Richmond for Fire Companies Adjustment Bureau, now becomes manager at Norfolk, succeeding Harry P. Kane, who is promoted to supervisor of the automobile department at Atlanta.

Issue Florida Membership Rates

TAMPA, FLA.—The membership roster of the Florida Insurance Agents Association, just off the press, shows names of officers and directors; names and officers of local boards; names of the 495 members by postoffice with postoffice boxes or street addresses.

Denike with Texas General Agency

J. E. Denike has joined the Texas General Agency Company of San Antonio as a member of the firm. He will serve in the field, assisting local agents.

COAST

Hitt Made London's Assistant Manager

James C. Hitt, superintendent of agents in the Pacific Coast department of the London Assurance since May,



JAMES C. HITT

1938, has been appointed assistant manager of the department by Manager J. M. Mendell.

Mr. Hitt started in the insurance business with the London Assurance in San Francisco in 1925 when he was 17. Four years later he was sent to Oregon as a special agent and served there for many years. He was in charge of Oregon business, with headquarters in Portland, until he was appointed agency superintendent. During his long service in the northwest Mr. Hitt was active in special agents' organization affairs and

the Blue Goose. He served two terms as president of the Pacific Coast Conference of Blue Goose ponds and is past most loyal gander of Oregon pond.

Swett Heads California Surplus Line Association

LOS ANGELES—The Surplus Line Brokers Association of California held its final annual meeting session here, the initial one having been held in San Francisco. The southern California members joined the northern California contingent in the election of these officers: President, W. B. Swett, Swett & Crawford; secretary-treasurer, Harold J. Toso, San Francisco; executive committee, northern California, W. B. Brandt, W. Irving, Charles Page, Jr., John Holstius and Russell Blackman; southern California, Gordon Campbell, Eugene Battles and I. O. Levy.

Assistant Arbitrator I. C. Toomey, who is in charge of the stamping office of the association, read his annual report and Eugene Battles, retiring president, reviewed some of its accomplishments.

Lack of State Cover Criticized

SAN FRANCISCO—In a report to Governor Olson, G. G. Kidwell, chairman California industrial commission, criticizes the division of fire safety and the state fire marshal's office. He says the division did not accomplish its duties in eliminating fire hazards in public and privately managed institutions for the incompetent, orphans, etc. He also criticizes the state for not covering \$30,000,000 of such state property with adequate fire insurance. He requests that additional funds be provided for the fire marshal's office for inspectors.

Insurance Men Aid Finnish Relief

San Francisco insurance men are active in the campaign to raise funds for Finnish relief. Hugo Meyer, secretary Insurance Brokers Exchange, is chairman. Other members are R. L. Countryman, president Pacific Board; S. L. Carpenter, Jr., manager of the board; Joy Lichtenstein, Hartford; J. C. Bunnay, California - Commercial Union

groups; E. C. Porter, U. S. F. & G.; Jack Sheppard, Phoenix Indemnity, and R. V. Garrod, automobile reciprocals.

Joins Rathbone, King & Seeley

LOS ANGELES—Lloyd R. Williams, who has been with the Commercial Union group in the Los Angeles branch office in underwriting and field work, has assumed similar duties with the Los Angeles office of Rathbone, King & Seeley. Before joining the Commercial Union he had been with the Fletcher Williams agency, Wilmington, Cal.

New U. of Washington Course

SEATTLE—Acting on request of the King County Insurance Association, the University of Washington is adding an additional insurance course in January touching on all branches of insurance. The new course will supplement the present four which cover individual classifications.

Continue "Northwest News"

PORTRLAND, ORE.—Associates of Louis Sondheim, late owner-editor of "Northwest Insurance News," will continue publication of the monthly along the same lines as instituted by the founder.

White New Agency Superintendent

DENVER—J. Darrell White, special agent for Braerton-Simonton-Brown, general agents, has been promoted to agency superintendent. Guy Herstrom, examiner for the agency, is made special agent.

Pacific Coast office of the Security of New Haven, recently placed under the management of E. V. Oliver following resignation of B. A. Sifford, has been moved to ground floor space at 250 Sansome street, San Francisco. W. H. McGee & Co., marine general agents of the Security, have moved their offices to the ground floor at 200 Bush street.

"Pacific Insurance," published by Jack Piver, San Francisco, has opened a Los Angeles branch office in charge of Robert Cron, formerly with the "Insurance Field" in Louisville and Chicago.

EAST

Piper in Buffalo Explains New Code

BUFFALO—Features of the new insurance code were outlined by R. Foster Piper, chairman of the state committee for recodification of the insurance law, at a special meeting sponsored by the Buffalo Fire Underwriters Association. Legislators from Erie county, members of the Buffalo Casualty & Surety Club and other agents and brokers from various parts of western New York attended.

Definition of insurance terms is one of the best things in the new law, Mr. Piper said. "The kinds and types of insurance are definitely segregated," he declared. Minimum capital requirements have been raised considerably, so that it won't be so easy to start a new company. "We also have regulated the types of investments of fire and casualty companies to a greater extent than ever before," he pointed out. "In the early days of the depression, some companies failed because of the investments they had made."

He explained the provision which gives the superintendent of insurance power to prescribe new policy forms and standards for fire underwriting. Mr. Piper said the committee on a standard form of fire policy had been extended another year and that phase of the work has not yet been completed.

Rates Not Wholly Satisfactory

Discussing rates under the new law, Mr. Piper said they "are not entirely satisfactory." Two hearings and two conferences on rates have been held and at the last conference it was found that there still is more work to be done. A public hearing on rates is likely to be held in Albany early in the year.

The new law, he explained, provides for written examinations for life insurance agents and this provision will be broadened next year by requiring similar licenses for industrial agents and fraternal representatives.

Mr. Piper spent considerable time discussing the handling of funds by agents and brokers. Under the old law, every agent was a fiduciary and now this has been expanded to include brokers as well. He said most agents or brokers who have run into difficulties in the past five years are those who used one company's money to pay another company. He said elimination of "fund mingling" was solely for the protection of the agent.

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*The agency data is most complete—name, members, date established, address, companies represented and other business transacted, if any. This valuable information is secured by personal calls as it is not available in public records.

Conducting Series of Lectures

The Harrisburg Association of Insurance Agents, in cooperation with the Pennsylvania Field Men's Club, is sponsoring a series of 11 lectures on agency management, use and occupancy, general cover and reporting forms, extended coverage, loss adjustments, inland marine automobile, and meeting mutual competition. The lectures start Jan. 8 and continue every other Monday until May 27. The charge per person is \$3 for the series or 50 cents for a single lecture. F. R. Leib, II, is the new president of the Harrisburg association; Fred Bryan, vice-president; C. M. Thumma, secretary and treasurer.

Controversy Over Placing County Line in Buffalo

BUFFALO—A contract for fire insurance on county buildings valued at \$11,000,000, on a 5-year basis, has been awarded by the Erie county board of supervisors to Armstrang - Roth - Cady Co., Duel, Lapey & Co., Gurney, Over-

turf & Becker, Charles E. Joyce Co., Tieron & Co., Walsh-Lascelles Company, R. L. Wood & Co., and Woodworth-Hawley Co. The rate is \$1.12.

A fight to obtain the contract on an installment payment plan had been made by J. W. Slacer, representing the Pacific National, General of Seattle and Jersey. He threatened court action against the board of supervisors if it awarded the contract to the eight agencies. Supervisor R. R. Brockett of Tonawanda, who is in the insurance business, characterized Mr. Slacer's time-payment plan as illegal. He said it had been submitted to the New York department, "and we were advised by the said department that in their opinion the Slacer plan is a violation of the state insurance law and therefore illegal."

Slate Sullivan in Boston

Robert A. Sullivan of Hinckley & Woods has been nominated for president of the Boston board. The vice-president nominated is Arthur J. Anderson of O'Brien, Russell & Co.; secretary, James Davis; for executive committee, in addition to the officers, R. A. Benting, A. S. Nelson, G. W. Roaf, Gerald Henderson and G. W. Hart. The annual meeting is next Tuesday.

Safety Work in Rochester

The safety council of Rochester, N. Y., in its 1939 report, indicates that an abundance of effective work has been done. The work of the safety council is actively shared by the insurance interests. The first vice-president of the council is Louis Hawes, who is secretary of the Underwriters Board of Rochester. A number of the important agents and company men of Rochester are members of the council.

Fitzherbert to Be President

L. G. Fitzherbert of Home of New York has been nominated for president of the New England Insurance Exchange, the election to take place Jan. 12. At the annual meeting Dudley Harmon, executive vice-president of the New England Council, will be the

speaker. The present head of the Exchange is Robert Cairns. For vice-president the nominee is I. H. Worth of L. & L. & G.; for executive committee: T. G. Brown, Automobile; Richard Burke, Fidelity-Phenix, and H. W. Jones, Aetna Fire.

qently preferred to government bonds as a short term investment. It is reported a large number of corporate policyholders received this scrip dividend in excess of \$100,000 annually.

Atlantic's surplus to policyholders long has been ample to permit immediate payment of dividends in cash, and henceforth, it was stated, all dividends will be paid on cash basis.

MOTOR

Commercial Credit's Insurer to Have Title "Calvert"

Commercial Credit Company of Baltimore intends to change the name of Pennsylvania Indemnity Fire, which it just recently purchased from Ohio Casualty, to Calvert Insurance Company.

In a recent article, it was indicated that Universal Credit Company was affiliated with Commercial Credit. That statement was an inadvertence. Universal Credit Company is owned by Commercial Investment Trust.

The new name for the company recognizes the family which was the founder of Maryland.

T. W. Garrett, Jr. Is the Owner

The erroneous impression was created in a recent article that the control of Mid-America Casualty is possessed by other than T. W. Garrett, Jr. As a matter of fact, control of Mid-America Casualty is vested solely in Mr. Garrett, who personally controls more than 50 percent of the entire outstanding stock, and who is chairman of the board. Mid-America Casualty is not owned or controlled by any finance company. It is strictly an independent Iowa stock company and while certain commercial bankers are on the board of directors, so far as stock holdings are concerned, they are definitely in a minority. The executive offices are in Kansas City.

Motor Club Is Active

Local agents are much disturbed over the Harrisburg (Pa.) Motor Club securing insurance by writing all lines of automobile. This is following in the way of automobile clubs in some other cities that have organized inter-insurance exchanges and entered the regular insurance field.

The Tennessee Automobile of Knoxville has moved into its recently completed home office building on the estate of President W. M. Fulton. It utilizes the building formerly occupied to expand its local office there.

Socialistic Plan Is Back of Inquiry

(CONTINUED FROM PAGE 5)

bombs and bayonets. In the home sector, they struggle for the approval of the American people at the polls, as it should be in a democracy.

"One group fights for the traditional American way of free enterprise, with its balance sheet of trial and error, mistakes

offset by brilliant contributions to progress. The other fights for the belief that the energies of the individual can be controlled by political agencies, for the greatest good of the greatest number.

"Insurance, next to banking, holds the largest pool of our savings. Bankers as money changers were subjected early to investigation; 42 federal lending agencies resulted.

"Today another federal investigation is publicizing the problems of insurance which arise from the nature of man himself, insignificant though they are when compared to the amazing contribution of insurance to human welfare.

"The hub of the socialistic wheel is government control of the people's savings, the power to allocate funds held in trust by banks and insurance companies. As leaders of the movement

THE FRIENDLY POEMS OF EDGAR GUEST



COURTESY

If I possessed a shop or store,
I'd drive the gourches off my floor,
I'd never let some gloomy guy
Offend the folks who come to buy.

I'd treat the man who takes my time
And spends a nickel or a dime
With courtesy and make him feel
That I was pleased to close the deal.

It is good business to be fair,
To keep a bright and cheerful air
About the place and not to show
A customer how much one knows.

Whatever any patron did
I'd try and keep my temper hid,
And never let him spread along
The word that I had done him wrong.

EDGAR A. GUEST

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here and abroad have said, this is the first and most important step, because such control carries with it power over all commercial and industrial activities.

"If the people accept the fallacy that there is cause for condemning the institution of insurance, the camel's nose will slip under the tent."

"The nose will represent a little competition—compulsory burial insurance and federal annuities; a degree of federal control; a small part in the determination of how insurance investments shall be made; a hand in the administration of the business operation. Just steps. But the first steps along this road, as all history and recent events abroad and at home make clear, are never retraced, but call for further steps."

I. M. U. A. Announces War Exclusion

(CONTINUED FROM PAGE 3)

mally organized group of musicians performing as a musical unit before the public at regular or frequent intervals. The definition states specifically that a combination of individuals or of bands, orchestras or similar groups that are members of or controlled by booking agents, unions, associations, sales organizations, professional music schools and similar organizations may not be rated as a single risk.

Another new rule provides that where

unearned premium insurance is written on a risk under the I. M. U. A., the minimum premium for the unearned premium endorsement is additional and may not be absorbed in the policy minimum premium.

charge of \$7.50 plus \$5 per \$1,000 of insurance under the endorsement. On the residence theft policy the endorsement should read, "The insurance provided by the policy (inside) shall also cover all loss and damage (except by fire) occasioned by burglary, robbery, theft, larceny, vandalism or malicious mischief occurring outside of the premises."

Safe Depository Liability Policy

The need of safe depository liability insurance and the great sales possibilities it holds for agents is outlined in an article in the "Aetna-izer," by C. C. Bidwell, agency supervisor of the Aetna Casualty & Surety.

Safe deposit boxes, he points out, may contain thousands of dollars in cash, valuable jewelry or almost priceless documents. No one except the box holder knows exactly what they contain.

"Recently while I was in a southwestern city," Mr. Bidwell says, "the vice-president of one of the largest banks there said to me:

Banks May Incur Suits

"We don't know what our customers have in our safe deposit boxes. It isn't our business to know and we don't want to know. But I go on the assumption that every one of those boxes is loaded with dynamite."

"In other words, all those boxes contain a possible costly suit against the bank. I confess that I have spent many worried hours thinking about the potential possibilities of loss to the bank's funds, character and reputation on account of safe deposit boxes."

"Why do banks need this coverage?" Mr. Bidwell asked.

"Here is one answer that I can give from personal experience. Some months ago in an eastern state, in company with an agent, I made several trips to a bank before the officials could be convinced of the need of this type of coverage. At first they did not feel that the bank needed this protection since every possible precaution was taken against losses."

"However, I explained to them that a safe depository liability policy covers not only their legal liability for injury, destruction or loss of any property contained in their safe deposit boxes, but also that the company investigates all claims and defends the bank in any suit even though the suit is false, fraudulent or groundless. In addition, I explained to them that the policy pays all legal costs, all costs taxed against the bank, all premiums on release of attachment bonds not in excess of the policy limits, and all judgments up to the limits of the policy."

No Hasty Settlements

"Next I pointed out to them that in this contract the company agrees not to settle any claims other than by payment of final judgments except with the written consent of the bank. This is a telling sales point because it will convince banking officials that we realize their institution's reputation can be seriously impaired by hasty settlement of claims. It also convinces these officials that we have their best interests at heart and so it is an invaluable goodwill builder."

"Today the officials of that bank are glad that they had the foresight to protect themselves with a safe depository liability policy for they are being sued for almost \$200,000 on account of the alleged mysterious loss of the contents of a safe deposit box which had been rented to a customer."

"Our three year premium for the policy under which that bank is being defended was less than \$200, yet today we have already spent several thousands of dollars in legal expenses and other costs—and the case is not yet settled. That \$200 was a pretty good investment for the bank."

Burglary Extended Cover

Nearly every householder has implements or other possessions around his yard that are liable to be stolen. The extended coverage can be granted for an additional premium. There is a flat

Dishonesty Losses Are Not Uncommon

How many dishonesty losses have occurred in your community during the past year? Perhaps you can recall one or two outstanding cases that received newspaper publicity but as a rule, less than 30 percent of the losses ever receive any general publicity. "What conclusions can you, as an agent, draw from that fact?" is the question raised by L. B. Fowler, field supervisor of the Aetna Casualty, in article in the "Aetna-izer."

The conclusion, Mr. Fowler points out, is that agents and prospects alike are inclined to underestimate the need for dishonesty insurance protection and agents, particularly, should keep constantly in mind the fact that the danger and possibility of dishonesty is greater than ever comes to public notice.

"The average prospect," says Mr. Fowler, "is usually lulled into a feeling of security. He believes that his employees are honest and, in addition, that there is little opportunity for them to be dishonest if they desired to, because of his excellent bookkeeping and auditing system. These prospects must be disturbed so that their feeling of security will be shaken."

"How can you accomplish that objective? The answer is by learning and being able to recite common ways in which dishonest employees operate. This recital will usually disturb the prospect, because he will perhaps realize there are some vulnerable points in his system."

LATE FIRE NEWS

At the next dinner meeting of the Insurance Women of Milwaukee the speaker will be Howard Emmerich, Commercial Union, who will talk on marine insurance.

Wallace Rodgers, assistant manager of the Western Underwriters Association, is bereaved by the death of his mother at Springfield, Ky. She was 65 years of age.

D.F. BRODERICK	
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Recent Decisions Involve Some Surety Cases

A surety case is National Surety vs. First National Bank of Prestonsburg et al., decided by the Kentucky court of appeals. The National Surety brought action against Snodgrass and the First National Bank to recover \$708. A demurrer to the petition as amended was sustained and the plaintiff having declined to plead further a judgment was entered dismissing its petition. The plaintiff then appealed. The National Surety was on the bond of Smith to the United Mine Workers local union. It was claimed that Smith misappropriated \$708 payable to the union. The National Surety paid \$708. It was alleged that Smith had authority only to endorse and deliver the check to the treasurer of the union for deposit in the Bank of Whitesburg. It is further alleged that in the company of Snodgrass without authority or right to do so, he endorsed the check to the First National Bank of Prestonsburg and the bank credited the amount to the general deposit account of Snodgrass. It is further charged that both defendants had full notice that the check was the property of the union and that they had notice of and participated in Smith's misappropriation of the check for his own personal use. The National Surety notified the bank that the transaction was not authorized and demanded the bank charge against the account of Snodgrass the amount represented by the check. The bank withdrew \$708 and impounded the sum. On receipt of a bond from Snodgrass the bank released to him the amount impounded.

The defendants contended that there is no right to subrogation in this case. They rely upon the American Bonding Company vs. First National Bank, 85 SW 190, 27 KY. 393; Louisville Trust Company vs. Royal Indemnity 230 KY. 482, 20 SW 2nd 71.

Matter of Subrogation

The court holds that the facts alleged in the National Surety petition are wholly different from the facts in the two cases relied upon by the defendants. The right of subrogation will not be denied merely because a surety is a compensated corporate surety although this fact may be considered in balancing the equity. In this case the surety company's petition charges that defendants had notice that the check negotiated by Smith belonged to the union and that with this knowledge they aided and assisted him in perpetrating a fraud in negotiating the check. The court says that under these facts, if true, subrogation of the surety company to the rights of the obligee in the bond is necessary "to bring about an equitable adjustment between the parties." Maryland Casualty vs. Walker 257 KY. 397, 78 SW (2) 34. The decision is reversed with directions to overrule the demurrer.

Another case involves a county judge's bond. The issue is whether excessive salary was received. This was in Perry county vs. Smith et al. the decision being rendered by the Kentucky court of appeals. Smith was

elected county judge of Perry county for a full term of four years beginning Jan. 16, 1930. On Dec. 26, 1929, the fiscal court of the county passed a resolution fixing the salary of \$2,400 per annum. On Jan. 2, 1930, the fiscal court made an allowance to the county judge of \$3,600 per year. Smith served as county judge for four years and collected \$3,600 as his compensation. Following his retirement this action was filed by the county against Smith and the surety to recover \$4,800 as excess payments which the petition alleged violated section 161 of the constitution which prescribes that "the compensation of any city, county, town or municipal officer shall not be changed after an election or appointment or during his term of office." The trial court sustained the defendant's demurrer and the plaintiff appealed.

The Kentucky court of appeals states that the conclusions expressed in Robinson vs. Elliott county 236 KY. 63 32SW (2) 544 and Bingham vs. Bell county 255 KY. 664 75 SW (2nd) 334 control the disposition of this case. The only difference between these cases and the course pursued in this case is the failure of the fiscal court in Perry county to separate in its order of Jan. 2, 1930, the two amounts for the distinct services of the defendant as the incoming judge. The court says a slight mathematical calculation reveals that the extra \$1,200 was compensation for trying misdemeanor cases, while other official duties were to be compensated for by the first order reenacting the one of Dec. 26, 1921, which had been in force since the latter date. Judgment for the defendant was affirmed.

* * *

A decision given by the Kentucky court of appeals in Gibbs administratrix vs. Peoples National Bank involved the right of an administrator, *de bonis non*, to maintain action against third parties to recover money wrongfully paid out by a predecessor. Chapter 86, Acts of 1934, now section 3846-1 of the Kentucky statutes is quoted and the court says that if it had been the intention of the legislature to give to an administrator, *de bonis non*, unrestricted authority to recover wasted assets of an estate it could easily have done so. However, it saw fit to restrict such an administrator to act against his predecessor and the sureties on the predecessor's bond and the predecessors' personal and real representatives. Judgment dismissing the petition of the administrator against the defendant bank is affirmed.

* * *

The South Dakota supreme court decides a case of the Federal Deposit Insurance Company vs. Western Surety et al. This involved fidelity bond on a bank cashier and "clearance certificates." The issue is whether there was a breach of warranty. The receiver of a bank brought action against the Western Surety to recover on two bonds. There was judgment for the receiver in both instances and the Western Surety appealed. After original bond on an

assistant cashier had been in force for some time and at a time when he had actually misappropriated \$1,766.92 the bank applied for a renewal of his bond and executed and delivered to the surety a "clearance certificate" which stated, "This is to certify that the books and accounts of the above named employees are examined by us from time to time and we found them correct in every respect, etc." The Western Surety then delivered to the bank its "continuation certificate." The assistant cashier thereafter misappropriated funds in the additional sum of \$9,193.29. The bond was continued "in reliance upon the statements contained in the 'clearance certificates' and those statements are to be deemed warranties and a part of this contract."

Claims Warranty Was Breached

The Western Surety contend that if the assistant cashier was "in default" in any respect when the "clearance certificate" was made the warranty has been breached. But the court says the language of the clearance certificate will not reasonably bear such a construction. To prove a breach of the warranty incorporated in the contract it was incumbent upon the surety to show either that ordinary businesslike examinations were not in fact made as represented or that examinations so made actually disclosed shortages. No such

facts were reflected by the stipulation. Therefore, the court says, the surety has failed to establish its defense of breach of warranty.

In the action involving the cashier the issue is substantially the same as in the one just considered except that the misapplications were made prior to the execution and delivery of the "clearance certificates." All of the misapplications of the cashier were effected by overdraft of his commercial accounts. This account was overdrawn at the time the "clearance certificate" was executed. The court said that conceding that the bond insured against overdraft it follows as the necessary inference from the stipulated facts that examination of the books was not made or that the shortage was known at the time the "clearance certificate" was executed and delivered. Nothing appearing in the stipulated facts to excuse as justified continued overdraft by the cashier, the defense of breach of warranty should have prevailed.

The bank receiver contends that there was no occasion for the "clearance certificate" or the certificate of continuance for the reason that the original bond was a continuing one, which had not been terminated by statutory notice to the superintendent of bank. The South Dakota supreme court said, "There is nothing in section 8957 Rev. Code of 1919 as amended by CH.96, Laws 1925



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and CH.58 Laws 1935, which forbids the filing of a fidelity contract for a fixed term as distinguished from a continuing term. Insofar as the contention is based on facts it must fail because the case was presented on stipulated facts, the court finds. The stipulation does not disclose the term of the original bond but it was stipulated that the bank applied for a renewal. The judgment for the receiver of the bank involving the assistant cashier is modified so as to provide interest from Oct. 23, 1937. The judgment for plaintiffs involving the cashier is reversed.

Public Liability Has Opportunities

Field Supervisor F. W. Potter in the Aetna Casualty bulletin points out opportunities for the sale of public liability insurance. He states that it is really protection against the catastrophe hazard. Many people and corporations are willing to take a chance and be self-insured if a loss is comparatively small. However, they would be jolted if there was a serious loss due to some heavy public liability claim. Mr. Potter finds in his experience that many seem willing to take the chance because the seriousness of a public liability claim has never been brought forcibly to their attention.

He takes a moderate size store in the average community and says that at least 500 persons will enter the store during the day and with 300 business days at least 150,000 people will go in and out. If one should slip on the floor or fall downstairs the cost of settling for the accident might be much greater than the premium.

Residence Liability Policy

Mr. Potter states that the residence liability policy has always been one of the best approach lines to an individual. The premium is comparatively small and when the hazards are pointed out the owner realizes his danger. Now the residence liability policy automatically includes bodily injury and property damage protection without additional premium to cover garages and stables on the same premises as the principal residence and occupied in part for dwelling purposes by the assured's guests and servants and not used for business, also to garages and stables located away from the premises not used for dwellings or business.

Another important extension includes construction of additional buildings, structural alterations, additions to, or demolishing existing buildings provided that the work is performed on the premises and does not change their identity.

Personal Liability Policy

The personal liability policy has been widened even further. It is extended without additional charge to cover all the extra features now provided under the residence liability policy. It has also been extended to provide protection for liability of the assured while residing temporarily in premises not owned by him. It includes full sports liability protection for both husband and wife and also includes all their personal acts, exclusive of business and professional acts and the usual standard exclusions.

The owners, landlords and tenants policy is a good one to sell and the rating has been simplified. The frontage charge has been eliminated entirely in all but eight classes. The increased limits tables have been considerably reduced. People are being convinced that protection is needed whenever new buildings are being constructed or additions being made to present ones. The increased limits tables of both the owners and contractors' policies have been reduced and separate tables have now been attached to the rules for this section.

Recent Automobile Cases in the Higher Courts

The California district court of appeals, 2nd appellate district, division 1, in Bushey vs. Rigby had before it contributory negligence. As the plaintiff waited on the westerly curb of a street, which carried one-way traffic to the north, she saw defendant's car approaching and noticed it zig-zag and then straighten out and follow the traffic lane. She stepped from the curb, saw the zig-zag again and tried to get back to the curb but was hit before she was able to do so. The trial court found that the defendant operated his car in a negligent manner but that the plaintiff was guilty of contributory negligence in stepping from the curb when she realized the probable danger. The higher court denied recovery.

* * *

The Ohio court of appeals Lucas county, affirmed a judgment of the court of common pleas in Gildy against Earl Wertz Coal Company. The plaintiff was injured when her automobile collided with a truck which was being used to haul coal for the defendant. The defendant was a retailer seller of coal and engaged truck owners to make its deliveries. The truck owner had complete control over the operation of trucks who were paid according to the number of tons of coal hauled. The higher court held that they were at liberty to haul for other than the defendant. It holds that the owner of the truck involved in the collision was an independent contractor and that the defendant was not liable for its negligent operation.

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Other Bonds	1,206,532.48
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Other Assets	466,428.80
Total	<u>\$3,370,350.80</u>

Reserves: LIABILITIES

Voluntary Contingency	\$ 224,299.34
Other Liabilities	646,051.46
Statutory Deposit with	
New York	\$ 850,000.00
Net Surplus over	
Deposit	<u>1,650,000.00</u>
Policy Holders' Surplus	<u>2,500,000.00</u>
Total	<u>\$3,370,350.80</u>

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